ANNUAL REPORT 2005-2006

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CHAPTER 5 : FUNCTIONAL AREA SERVICE DELIVERY REPORTS (Contd)

CHAPTER 1

INTRODUCTION AND OVERVIEW

EXECUTIVE MAYOR'S FOREWORD

Entrenching the Development Facilitation Role

The first five years of democratic local government has been very challenging for the Cacadu District Municipality (CDM). It has been characterized by ongoing and necessary change. The District Municipality had to undergo a significant restructuring exercise in 2001, and virtually re-establish itself as a new organization.

A successful application was made to National Treasury at the end of 2002 for a Restructuring Grant to develop a credible business strategy in the medium and long term. This resulted in the Council adopting a Development Facilitation model for the way ahead.

This role included three complementary subsidiary roles –

- District municipality as a district-wide integrated planning authority.
- District municipality as an infrastructure development agent.
- District municipality as a technical and institutional capacity resource to local municipalities.

This essentially meant that local municipalities in the District were directly responsible for service provision of municipal services.

Since the beginning of 2004 there have been ongoing efforts to entrench the business model and to align business processes for supporting local municipalities. There has also been serious introspection since 2004 to test the success of the new business model, and to assess its impact on the external environment.

A number of interventions and programmes were embarked on to this end, and these will be elaborated on in this annual report.

I can confidently state that the foundation and the building blocks have been laid for the years ahead.

New Council Elected

The second local government elections under the new democratic order were held in March 2006. A new Council was elected and a new Mayoral Committee was constituted. The Council approved the appointment of a full-time Speaker, and the necessary authorisation was obtained from the Member of the Executive Committee responsible for local government in the Province.

Many of our former Councillors were deployed to local municipalities, and others opted for retirement or a return to secular activity. I want to formally express my appreciation to them for their efforts and hard work during their term of office. In the same vein, I want to welcome our new Councillors and wish them every success.

Intergovernmental Relations

With the promulgation of the Intergovernmental Relations Framework Act in August 2005, all intergovernmental structures in the District were aligned to comply with the provisions of the new legislation.

The Cacadu District Mayors' Forum plays an important role in ensuring that development in the District is dealt with at a strategic level. The Mayors' Forum is supported by a number of technical forums.

As Executive Mayor, I serve on the Premier's Co-ordinating Forum, and the Municipal Manager serves on the corresponding Technical Forum.

During the year, the Council also adopted an Intergovernmental Relations policy which guides the activities of the various structures.

Partnerships

During September 2005, a formal partnership was entered into with Cape Winelands District Municipality. The partnership covers the following areas:

- various aspects of local government administration, such as institutional transformation, organisational change management and improving relations with constituent local municipalities

- economic development and tourism

- effective performance management in compliance with the requirements of the Local Government: Municipal Systems Act.

Processes have also commenced with regard to a partnership agreement with the Nelson Mandela Metropolitan Municipality. This will be formally signed later in the year.

HIV and Aids

The Municipality views its fight against the HIV and Aids pandemic in a very serious light. The District Aids Council, of which I am the Chairperson, continued with its work during the year under review. Whilst the involvement and participation of stakeholders was satisfactory, there are definite areas where more effort can be made.

The CDM hosted the World Aids Day celebration in the District at Paterson in the Sundays River Valley municipal area. The occasion was graced by the attendance of many important dignitaries.

A position of HIV and Aids Co-ordinator was created and filled. The CDM rolled out its voluntary testing and counseling and other programmes to most municipal areas. New staff was appointed, and the necessary resources, including vehicles, were purchased for these nurses to be mobile to access all areas. Clinic facilities were upgraded to ensure privacy when people visit the clinics.

I also want to acknowledge the assistance of the volunteers in the programme, as well as the support of the Eastern Cape Aids Council.

Special Programmes

Special Programmes continued to receive prioritized attention at the District Municipality in the year under review. The District Municipality funded life-skills courses for Women, the Disabled, as well as the Youth. Participants were drawn from all parts of the District with the assistance of local municipalities. In addition, different participants in all three sectors underwent business and entrepreneurial skills training.

The CDM has also been actively involved in celebrating all the National commemoration days, as well as the International Day of the Disabled and Childrens' Day. The CDM has also formally supported sporting events (athletics, rugby and soccer) that involved the participation of young people.

Imbizos and Project Handovers

A number of outreaches to communities in the District were conducted, which included handovers of completed projects. The Eastern Cape Provincial MECs as well as representatives from National Government were present at some of these outreaches. A concerted effort was also made to reach out to business communities and other stakeholders in the District. Four business sector outreaches were held during the year.

During the above outreaches, the communities and other stakeholders highlighted areas where they would like support. We will be following up on the information gathered at these initiatives and forging closer relationships with communities and stakeholders.

There is also on-going interaction between the District Municipality and organized agriculture to address the needs of the farming community as well as issues relating to availability of land for community development.

Conclusion

In spite of the many challenges, we can be proud of what we have achieved during 2005/2006. The Municipality continues to make its mark on community upliftment and good governance in the area, and we look forward to an even more successful year in 2006/2007.

OVERVIEW OF THE MUNICIPALITY

The **Cacadu District Municipality (CDM**) is situated in the western portion of the Eastern Cape Province. It covers an area of 58 242 square kilometres. The area of the District Municipality includes nine local municipalities and four other portions collectively known as the District Management Areas (DMAs).

The Head Office of the Municipality is at present situated in Port Elizabeth, which is also the seat of a number of regional offices of national and provincial government departments.

Local Municipalities

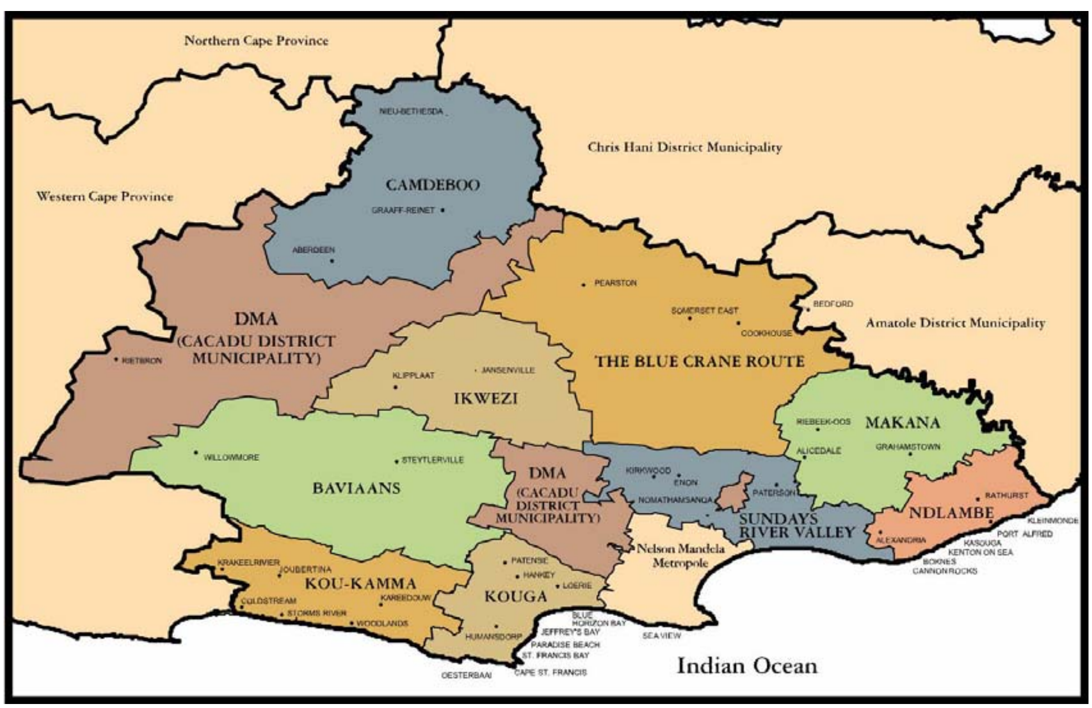
The nine local municipalities in the Cacadu District are:

BAVIAANS	**IKWEZI**	**MAKANA**
BLUE CRANE ROUTE	**KOUGA**	**NDLAMBE**
CAMDEBOO	**KOU-KAMMA**	**SUNDAYS RIVER VALLEY**

District Management Areas (DMAs)

Two of the four DMAs in the Cacadu District are national parks managed by the South African National Parks Board, and the District Municipality is directly responsible for the supply of municipal services to people living in the two larger portions.

GEOGRAPHIC AREA



COUNCIL AND EXECUTIVE STRUCTURE

MUNICIPAL COUNCIL
27 Councillors

EXECUTIVE MAYOR
Cr M G Mvoko

SPEAKER
Cr D W S De Vos

MAYORAL COMMITTEE
Executive Mayor
5 Portfolio Councillors

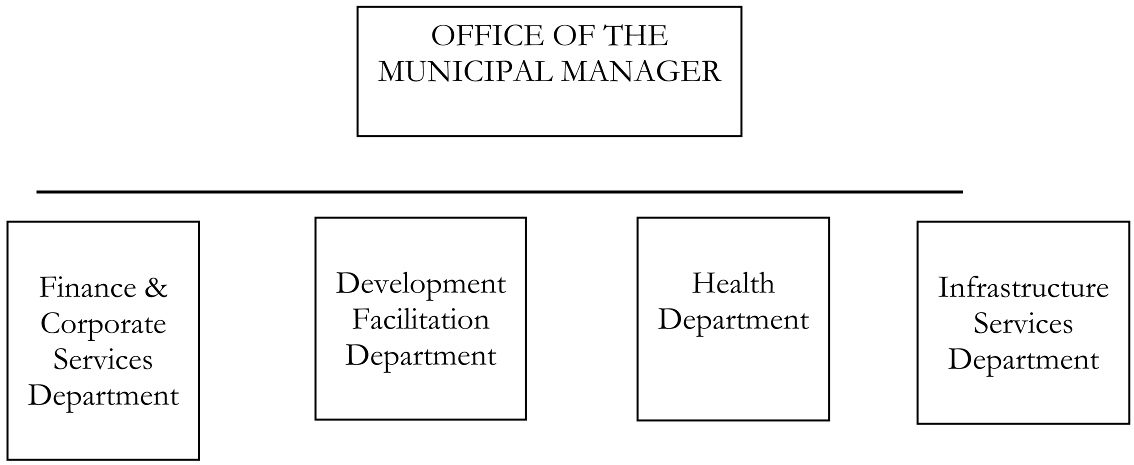
PORTFOLIO COUNCILLORS AND MEMBERS OF MAYORAL COMMITTEE

Development Facilitation	Cr P Faxi
Infrastructure	Cr V Lwana
Corporate Services	Cr H Plaatjies
Finance	Cr M G Mvoko (Executive Mayor)
Health Services	Cr K Kekana
Office of the Executive Mayor and Municipal Manager	Cr N Pieters

MEMBERS OF THE COUNCIL AS AT 30 JUNE 2006

Mr D J Bezuidenhout
Mr J Cawood
Mr DSW de Vos
Mr P P Faxi
Ms K S Felix
Ms G Hawu
Mr V G Jacobs
Mr V S Jonas
Mr C Jones-Phillipson
Mrs K E Kekana
Mr Z A Lose
Mr V Lwana
Ms N Masoma
Mr K M Mbolekwa
Mr M G Mvoko
Mr J M Nel
Mr A L Nortje
Ms N N Pieters
Ms H L Plaatjies
Mr M S Swepu
Ms N Vanda
Mrs E C van Lingen
Mr M G Whisson
Mr O M Williams
Mr M Wogane
2 x Vacancies

ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER	Mr D M (Ted) Pillay
DIRECTOR : FINANCE AND CORPORATE SERVICES	Mr D de Lange
DIRECTOR : DEVELOPMENT FACILITATION	Ms K Manzi
DIRECTOR : INFRASTRUCTURE SERVICES	Mr L Nama
MANAGER : HEALTH SERVICES	Mrs X Sandi
GRADING OF LOCAL AUTHORITY	Grade 8

REGISTERED OFFICE

Standard Bank Building 32 Govan Mbeki Avenue Port Elizabeth 6001	P O Box 318 Port Elizabeth 6000
Telephone Number	041 – 508 7111
Fax Number	041 – 508 7000

EXECUTIVE SUMMARY

The National Treasury guidelines require that the performance of a municipality be reported on in functional areas. This Annual Report has been compiled in accordance with these guidelines.

An overview of each functional area is presented in Chapter 5 of this report, together with a description of the activity. In addition, the strategic objectives of each function, as well as priorities and progress reports, key issues for the period under review, KPIs, targets and variances are all included.

Development Facilitation

District Municipalities are required to play a pivotal role in stimulating the economy of the area that they are responsible for. One of the key highlights for the 2005/2006 financial year was the commencement of the Economic Growth and Development Strategy (EGDS).

The Cacadu EGDS is aimed at maximizing the benefits of local competitiveness to achieve economic growth and development targets. The economic development framework identifies five strategic pillars to stimulate sustainable economic growth and development in the Cacadu district, as well as implementation guidelines. The implementation of the Strategy will form a key component of the Cacadu District Municipality's new five-year Integrated Development Plan.

Several other planning initiatives were embarked upon. The Spatial Data Base and Agricultural Plans, together constitute an Agricultural Digital Information System (AgricDIS) that may be used to identify and plan suitable agricultural projects. The Cacadu State of the Environment Report was completed as the first phase towards the formulation of an Environmental and Coastal Management Framework for the District.

Tourism is one of the main economic drivers in the District and the Cacadu District Municipality is the largest financial contributor to the Cacadu Regional Tourism Organization (RTO), much of which is spent on tourism marketing. The District Municipality recognizes that not only must the tourism sector be encouraged to grow, but the sector must be open to more participants, particularly those that were previously excluded from meaningful participation. After extensive consultation, the District and local municipalities agreed to establish a District Tourism Organization. The new organization is expected to take over the tourism marketing role from the RTO, whilst actively promoting tourism development and, particularly, the inclusion of previously excluded groups and individuals in the tourism sector. The District Municipality has furthermore successfully applied for grant funding from the Development Bank of Southern Africa and the Eastern Cape Department of Economic Affairs, Environment and Tourism for municipal tourism planning in the district.

During the year under review, the Kouga Development Agency in conjunction with Kouga Local Municipality was established. The primary objective of the Agency is to drive an eco-tourism initiative in the Jeffrey's Bay area. The Directors of the agency have been appointed,

and the appointment of the staff has commenced. This initiative is one of the flagship projects in the Eastern Cape. The set-up costs and the financing of the agency during the first three years will come primarily from the Industrial Development Corporation.

The District Municipality continues to interact closely with a range of stakeholders, most of which participate in the Cacadu LED Forum. The District Municipality furthermore participates as a member of various external forums and committees. These include the Addo (SANParks) Planning Forum, the Baviaanskloof Megareserve Steering Committee and the Eastern Cape Biodiversity Implementing Committee, the Nelson Mandela Bay Tourism Planning Steering Committee, as well as various forum and committees at local municipality level.

The Municipality has also funded various projects in the local municipal areas.

One of the important responsibilities the District Council has is to ensure that local municipalities in its area can perform the functions that have been assigned to them, in terms of legislation. The District Municipality embarked on and/or concluded several municipal capacity building initiatives in this period under review, such as the development of by-laws for all the municipalities in the District, a shared internal audit function, the formation of audit committees and IT disaster recovery plans. All local municipalities in the District were assisted in compiling their Integrated Development Plans.

The District Municipality also embarked upon a series of visits to each local municipality in the District for the purpose of gathering information regarding their strengths and weaknesses, challenges and needs. This information will be utilized to assist in the formulation of a capacity building strategy for the District. The first four visits took place in June 2006, and visits to the remaining municipalities will continue in the 2006/2007 financial year.

Health Services

During the year under review, the Cacadu District Municipality continued to provide the primary health care function as one of the agents of the Provincial Government. This service is provided at 18 fixed clinics (clinics that operate five days a week) and 11 satellite clinics (clinics that operate only on certain days during the week). In addition, the CDM operates 26 mobile clinics that service communities who live on farms and other small settlements.

The range of services provided, as well as the number of patients/clients provided with a service, is contained elsewhere in this report.

The provision of primary health care is not without its challenges. The primary concern each year is the amount of the subsidy provided by the Provincial Government to the CDM to render the service. During the year under review, an amount of R16,4 million was spent on the service, in line with the subsidy received.

Other challenges include the ability to attract nursing staff to work in rural areas, as well as the increase in the number of clients/patients visiting the clinics.

Council has also been informed that Province intends to call back the service with effect from 1 July 2007, in line with a MINMEC decision. The clinics will continue to operate as they are presently doing. This will entail a Section 197 transfer and no staff will be retrenched in the process.

The Council continues to finance the provision of environmental health throughout the District. In the year under review, 5 local municipalities rendered the service in their municipal areas, as agents of the CDM. This arrangement is formalized by a service level agreement. Capacity has been built in two other municipalities, and they will be appointed officially to render the service early in the new 2006/2007 financial year. The CDM will continue to be directly responsible for the Baviaans and Ikwezi municipal areas as well as the DMA. An amount of R4,9 million was spent on the service. A subsidy of R3,8 million was received from the Province for environmental health.

Whilst efforts are being made to mainstream HIV and Aids in all functional areas of the Municipality, the Health Department has been at the forefront of such efforts, especially Voluntary Counseling and Testing and the Home Based Care programme. Expenditure on HIV and Aids programmes amounted to R5,4 million in the financial year.

Financial Performance

The annual financial statements have been prepared in accordance with the Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognized Accounting Practices (GRAP), as issued by the Accounting Standards Board.

The Statement of Financial Position reflects that Council has a very strong Balance Sheet and is in a very favourable financial position. The Net Assets increased from R73,6 million to R87,2 million. This is directly attributable to the increase of the Unappropriated Surplus year on year by R14,5 million.

The primary reason for the surplus is the increase in unconditional grants as well as savings from unfilled positions, and slow expenditure on projects.

The provision for long-term liabilities increased from R50,9 million to R52,5 million. This is in line with the actuarial valuation of the liability Whilst the Conditional Grants year on year has fallen by R14,9 million, the unspent amount of R83,8 million is still unacceptably high. Some of these funds were received late in the financial year, whilst other funds are held on behalf of local municipalities.

The bulk of the provision and reserves are backed by cash. The Council is still heavily dependent on interest from investments. With effect from 1 July 2007, the RSC levy income will be replaced by an unconditional grant from National Treasury.

The Municipality received a very poor audit report this year in respect of its financial statements. The main reason for this is the fact that whilst the CDM's financial statements were prepared in accordance with GAMAP / GRAP, many of the accounting standards applied by the Auditor General were based on the South African Statements of Generally

Accepted Accounting Practice (GAAP). The intention of the Auditor-General to use the GAAP standards for this year's audit was only gazetted on 27 October 2006. CDM and most other municipalities who had completed their financial statements by 31 August 2006 therefore received an adverse audit opinion. Although compliance with GAAP is an onerous undertaking that will require additional technical expertise and process and accounting changes, this will be rectified in the next financial year.

Infrastructure Services

The role of the District Municipality with regards to infrastructure is evolving from project implementation to planning for infrastructure development throughout the District. Many multi-year projects, particularly with regard to water and sanitation, have been completed in the year under review, with funds rolled over from previous financial years.

Due to the vastness of the geographic area, low population density and the economic disparities within communities, numerous and unique challenges are encountered in terms of the provision of services in the District. With the MIG allocation now allocated directly to local municipalities in the District (as a result of the powers and functions), the CDM realized that it would not be in a position to adequately address these physical challenges and disparities and thus would not meet the targets to eradicate backlogs by 2014, without finding a creative solution to the problem.

These challenges prompted the District Municipality to devise and formalize an Integrated Service Implementation Strategy, with a backlog assessment as the point of departure. Hence in the 2004/2005 financial year, a project was identified and initiated to quantify the level and standard of water and sanitation service delivery backlogs in the District. The project was partly funded by the Development Bank of Southern Africa.

The report which emanated from the study includes information on the current situation throughout the District, in respect of services at reticulation and bulk supply levels. It also defines the appropriate level of service (LOS) in each area, indicates the current shortfalls between the existing situation and the appropriate LOS, and provides a database of costs for the provision of the various services which calculates the cost of the services backlog.

This information was utilized to formulate an *Integrated Service Implementation Strategy* for the Cacadu District Municipality which forms the basis for the identification and compilation of future detailed individual Business Plans to source the required funding from the various programmes, and funding agents. A Funding Strategy has also been developed.

The CDM has been involved in housing delivery since 1994. A number of housing projects have been completed, and in the 2005/2006 financial year, 14 projects were under implementation, at various stages of construction. To address the challenges that impacted on housing delivery, a Housing Status Quo Report was compiled in late 2004, and turn-around strategies were implemented in the 2005/2006 financial year. As a result, significant improvement in expenditure was experienced.

The District Municipality has an Integrated Transport Plan. During the year under review, an amount of approximately R4 million was spent to upgrade passenger transport facilities in the local municipal areas.

Building A Winning Team

The total staff complement of the CDM stood at 252 employees, of which 189 (75 %) are females. Historically disadvantaged persons made up 94% of this figure.

At Head of Department level, females comprise 40%, whilst historically disadvantaged persons make up 80%.

Council continues to invest in the training and capacitation of its staff. The training programme is in line with the Skills Development Plan.

The District Municipality has a well established and effective Local Labour Forum which comprises of an equal representation of labour unions and the employer component. This forum meets on a monthly basis to deal with various labour related issues such as policy development and workplace restructuring negotiations, prior to referring them to the Mayoral Committee and Council for ratification.

The Job Evaluation programme has reached a stage where almost all municipalities' job descriptions have been evaluated. This is a District-wide project funded by the CDM. Results for ten municipalities have already been released and two outstanding municipalities are with the National Moderation Committee for moderation. The Principal Job Evaluation Committee (PJEC) will be focusing on finalizing jobs which were created by municipalities after the programme had already started.

In compliance with the SALGA and the SALGBC, CDM ensures that all recently promulgated collective agreements are communicated and implemented to all employees.

CHAPTER 2

PERFORMANCE HIGHLIGHTS

SERVICES PROVIDED AND HIGHLIGHTS FOR 2005/2006

For statistical information on number of services installed/projects completed, see the Functional Area Services Delivery reports contained in Chapter 5.

1. Development Facilitation

Development facilitation is the key function of the Municipality, and integrates development planning, implementation support, local capacity building and other development-focused functions in order to make a significant impact on development and delivery in the district. The primary roles of the Municipality's Development Facilitation Department are:

- Managing the development and implementation of the District IDP and providing support to local IDP processes
- Regional spatial planning
- Economic Development
- Tourism development and promotion
- Disaster Management
- Local capacity building, training support and knowledge sharing
- District marketing and lobbying
- Fund raising
- Heritage resources management
- Environmental planning

A highlight of the year was the initiation and/or completion of several planning initiatives. These include the Cacadu Economic Growth and Development Strategy, the State of the Environment Report and the Agricultural Digital Information System, which include an electronic Spatial Data Base and Agricultural Plans.

Most of the local municipalities have been assisted with funding from various sources to implement LED projects in their areas. The full details of progress on these projects are contained elsewhere in this annual report.

The Development Facilitation Department continued to benefit from the support offered by the Integrated Services Facilitator, deployed at the Municipality by the Consolidated Municipal Transformation Programme (CMTP) for a period of two years, who assisted with planning, economic development and capacity building initiatives. He was also involved in other cross-cutting initiatives, such as mainstreaming the fight against HIV/AIDS.

2. Health Services

The District Municipality performs a Primary Health Care function as an agent of the Provincial Government.

Since 1 July 2004, the District Municipality has been responsible for the Municipal (Environmental) Health function throughout the District.

The District Municipality is also involved in the following HIV/Aids initiatives and special projects:

- Home Based Care programme
- Aids Awareness Programmes
- Voluntary Counselling and Testing
- Circumcision programmes
- Payment of stipends for volunteers who assist at the clinics and with Home Based Care
- Capacity building programmes for NGO's

3. Infrastructure Services

The main role of the Infrastructure Services Department of the District Municipality is planning for infrastructure development throughout the District. However, the Municipality also physically renders Infrastructure Services on behalf of or in support of local municipalities' development projects, and on its own behalf in the District Management Area. These services include construction of housing schemes and services thereto, provision of water and sanitation, road transport planning, and construction and upgrading of various community facilities.

Service Backlogs

In 2004/05 financial year a project was identified and initiated to quantify the level and standard of water and sanitation service delivery back-logs in the District. The project was completed during the year under review.

The assessment has revealed the following Levels Of Service (LOS) in each area:

WATER AND RETICULATION							
Municipality	No Service	Standpipe > 200m	Standpipe < 200m	Individual Connection. Unmetered	Individual. Connection metered	Yard tank	Others
Baviaans	144	25	100	485	3 326	0	20
Blue Crane	15	0	120	0	8 736	0	0
Camdeboo	0	0	50	0	10 341	0	0
ECDMA 10	0	0	0	84	425	0	0
Ikwezi	20	0	0	2 882	0	0	0
Kouga	0	903	2450	240	21 424	720	0
Koukamma	0	750	57	4 539	3 876	0	0
Makana	0	759	0	0	15 999	0	0
Ndlambe	125	0	840	612	9 630	7706	0
Sundays River	0	410	1 750	1 600	8 310	0	0
Total	**172**	**2 847**	**5 367**	**10 462**	**82 067**	**8 426**	**20**
%	**0.17%**	**2.60%**	**4.90%**	**9.56%**	**74.96%**	**7.66%**	**0.02%**

SANITATION AND RETICULATION								
Municipality	No Service	Pit Latrine	VIP	Bucket	Conservancy Tank	Septic Tank	S.B.S system	F.W.S system
Baviaans	130	4	351	1 561	102	449	0	1 483
Blue Crane	0	15	0	1 723	825	0	0	6 308
Camdeboo	0	217	0	53	165	1 015	725	8 216
ECDMA 10	0	0	84	0	0	78	0	347
Ikwezi	0	20	0	1 430	606	0	0	846
Kouga	0	0	0	3 883	7 122	2 434	150	12 148
Kou Kamma	0	807	0	621	0	1 514	2 676	3 624
Makana	759	0	2 283	1 483	443	0	0	11 790
Ndlambe	0	840	3 785	0	5 195	2 446	3 276	3 371
Sundays River	0	3 960	1 043	1100	0	145	0	5 822
Total	**889**	**5 863**	**7 546**	**11 854**	**14 458**	**8 081**	**6 827**	**53 955**
%	**0.81%**	**5.36%**	**6.89%**	**10.83%**	**13.21%**	**7.38%**	**6.24%**	**49.28%**

The local municipalities will have to address the backlogs in their respective areas in view of the fact that they receive the MIG funding for infrastructure services. The District Municipality is responsible for eradication of backlogs in the DMA.

The assessment also calculated the amount of funds needed to eradicate the aforementioned backlogs as follows:

ESTIMATED COST OF ERADICATING BACKLOGS IN SERVICE DELIVERY IN THE CACADU DISTRICT							
Area	**Water**	**Sewerage**	**Reservoir**	**Waste Water Treatment Works**	**Source**	**Water Treatment Works**	**Bulk**
Baviaans	R 408 840	R 17 219 800	R 1 215 720	R 6 968 652	R 1 329 880	R 717 440	R 16 537 250
Bcr	R 113 400	R 16 649 400	R 426 172	R 3 644 285	R 1 782 277	R 4 031 100	0
Camdeboo	R 36 000	R 7 913 500	R 3 085 672	R 2 787 682	R 1 881 597	R 614 933	0
Ecdma 10	R 30 240	R 312 000	R 1 293 156	R 1 165 215	R 274 259	0	0
Ikwezi	R 1 073 520	R 13 634 000	R 1 774 764	0	R 346 361	0	R 75 650
Kouga	R 2 717 280	R 66 976 400	R 4 189 059	R 6 934 450	R 3 080 949	R 5 173 165	0
Kou Kama	R 2 402 280	R 14 649 400	R 15 678 400	R 8 703 321	R 7 325 306	R 8 397 422	0
Makana	R 728 640	R 37 067 000	R 26 026 508	R 6 662 894	R 15 302 018	R 3 647 733	0
Ndlambe	R 1 050 120	R 68 272 600	R 2 869 308	R 9 513 964	R 3 060 661	R 3 275 930	R 2 054 000
SRV	R 2 229 600	R 48 183 400	R 12 260 907	R 4 245 683	R 5 867 281	R 7 228 727	R 1 240 000
TOTAL	**R 10 789 920**	**R 290 877 500**	**R 68 819 668**	**R 50 626 145**	**R 40 250 589**	**R 33 086 449**	**R 19 906 900**
%	**2.09**	**56.55**	**13.37**	**9.84**	**7.82**	**6.43**	**3.87**

Notwithstanding the fact that the LMs are responsible for their backlogs, the CDM has developed strategies jointly with them to ensure that the backlogs are addressed. A service implementation strategy as well as a funding strategy have been developed.

4. Support Services

The Municipality has a Finance and Corporate Services Department which provides financial and administrative services to the Council and Executive as well as other departments in the organisation.

During the year under review, the highlights in this Department included:

- Continued support from the International Technical Advisor : Finance deployed by National Treasury for a period of two years to assist with the following:

    - Establish and maintain effective project management structures, processes and accountabilities in the organisation
    - Implement the Municipal Finance Management Act
    - Provide a range of technical advice and assistance to the District Municipality and its local municipalities
    - Build capacity to enhance the financial management.
- Ongoing implementation of and compliance with the provisions of the Municipal Finance Management Act, including Supply Chain Management arrangements and improvements in reporting requirements.
- Implementation of shared services of Internal Audit functions in local municipalities, and made progress with implementation of shared Audit Committee structures

5. <u>District Management Area (DMA)</u>

The District Municipality is the local authority for the DMA, and is therefore directly responsible for provision of all services to communities in this area.

The DMA Committee, established in 2003/2004, continued with regular meetings during the year under review. The Committee includes representatives from each community in the DMA, and this regular, direct communication between community representatives and councillors and officials of the Municipality is invaluable in identifying the service delivery gaps and problems, thus bringing about ongoing improvement to the services the Municipality is rendering in this area.

Following the completion of a LED Strategy for the DMA, several feasibility studies were completed during the year of which at least one will be implemented during 2006-07. The focus will be a multi-dimensional approach towards the development of the DMA community, which will include capacity building and skills development to access employment opportunities, with aspects of social upliftment and life-skills programmes forming part of such initiatives.

An indigent policy which is applicable in the DMA provides for subsidization of the services of those persons who are unable to afford even the basic level of service. At present households receive a monthly subsidy of approximately R 110 covering the following:

- 6 kilolitres of water;
- refuse removal;
- sewage removal charges; and
- sanitation charges.

6. <u>Intergovernmental Relations</u>

Highlights in intergovernmental relations during the year under review included:

- Signing of a formal agreement of friendship and co-operation with the Cape Winelands District (CWD) Municipality.
- Adoption by the Council of an Intergovernmental Relations Policy
- Alignment of the Cacadu District Intergovernmental Forum with the provisions of the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005

7. **Branding the District**

The Municipality embarked on a process to market its area as a tourist destination and to attract trade and investment. This project progressed well during the year.

The brand, which was developed with extensive input from communities, aims to create opportunity for economic growth for local businesses by communicating the district's distinct appeal more effectively. The brand strategy contains a range of tools which aim to achieve this goal.

One of the more innovative tools to emerge from this strategy is a flexible website where business owners can profile services or products for free.

The project commenced with stakeholder workshops and interviews during August 2005 in each local municipality. A District Consultative Forum comprising Regional bodies and organisations and local municipalities, was appointed to drive the process and provide advice and guidance to the service provider. In addition, an internal Steering Committee interacted with the service provider on a regular basis to ensure the success of the project.

A sustained marketing campaign will follow the official launch of the brand.

MANDATORY PERFORMANCE MEASURES

In terms of section 43 of the Local Government: Municipal Systems Act, the Minister for Local Government has prescribed general key performance indicators (KPI's). Every municipality is required to include these indicators in their IDPs and report on these KPIs.

In compliance therewith, the following can be reported for the Cacadu District.

***NOTE*: THESE FIGURES WERE OBTAINED FROM THE DIRECTORATE : POPULATION AND DEVELOPMENT TRENDS, EASTERN CAPE PROVINCIAL GOVERNMENT IN THE YEAR 2005. ATTEMPTS TO OBTAIN UPDATED FIGURES FROM THIS SOURCE HAVE BEEN UNSUCCESSFUL. HOWEVER, THESE FIGURES CLOSELY CORRELATE WITH THE STATISTICS OBTAINED BY MEANS OF THE BACKLOGS ASSESSMENT REFERRED TO EARLIER IN THIS REPORT.**

HOUSEHOLDS RECEIVING WATER SERVICES PER LOCAL MUNICIPALITY IN THE CDM

Local Municipality	Formal Piped	Informal
Camdeboo	99%	1%
Blue Crane Route	90%	10%
Ikwezi	99%	1%
Makana	95%	5%
Ndlambe	89%	11%
Sunday River Valley	79%	21%
Baviaans	95%	5%
Kouga	98%	2%
Kou Kamma	90%	10%
DMA	97%	3%
TOTAL	**93%**	**7%**

Note:

In terms of the provisions of sections 83 and 84 of the Municipal Structures Act, the provision of water services in the Cacadu District is the function of local municipalities. The District Municipality is the direct service provider only for the District Management Area. The local municipalities are therefore fully responsible for the service in their respective areas. However, the District Municipality assists the local municipalities to implement their infrastructure projects and builds capacity to enable them to effectively carry out their functions

HOUSEHOLD SANITATION SERVICES PER LOCAL MUNICIPALITY IN THE CDM

Local Municipality	Flush Toilet (Sewerage System)	Flush Toilet (Septic Tank)	Chemical Toilet	Pit Latrine with Ventilation (VIP)	Pit Latrine without Ventilation	Bucket Latrine	None
Camdeboo	69%	7%	0%	4%	3%	11%	6%
Blue Crane Route	47%	4%	3%	1%	8%	20%	17%
Ikwezi	18%	11%	0%	5%	3%	49%	14%
Makana	34%	3%	0%	8%	14%	30%	12%
Ndlambe	24%	27%	0%	6%	28%	1%	14%
Sunday River Valley	24%	5%	2%	9%	41%	7%	14%
Baviaans	30%	22%	0%	6%	11%	19%	11%
Kouga	52%	11%	1%	3%	10%	13%	11%
Kou Kamma	51%	12%	1%	5%	15%	5%	10%
DMA	14%	22%	0%	17%	18%	4%	25%
TOTAL	**40%**	**11%**	**1%**	**5%**	**16%**	**14%**	**12%**

Note:

In terms of the provisions of sections 83 and 84 of the Municipal Structures Act, the provision of sanitation services in the Cacadu District is the function of local municipalities. The District Municipality is the direct service provider only for the District Management Area. The local municipalities are therefore fully responsible for the service in their respective areas. However, the District Municipality assists the local municipalities to implement their infrastructure projects and builds capacity to enable them to effectively carry out their functions

HOUSEHOLD REFUSE DISPOSAL PER LOCAL MUNICIPALITY IN THE CDM

Local Municipality	Formal	Informal	None
Camdeboo	83%	15%	2%
Blue Crane Route	68%	26%	6%
Ikwezi	67%	32%	1%
Makana	87%	12%	2%
Ndlambe	73%	24%	3%
Sunday River Valley	36%	48%	16%
Baviaans	60%	39%	1%
Kouga	78%	19%	3%
Kou Kamma	53%	43%	3%
DMA	13%	86%	1%
TOTAL	**69%**	**27%**	**4%**

Note:

In terms of the provisions of sections 83 and 84 of the Municipal Structures Act, the provision of refuse disposal services in the Cacadu District is the function of local municipalities. The District Municipality is the direct service provider only for the District Management Area. The local municipalities are therefore fully responsible for the service in their respective areas. However, the District Municipality assists the local municipalities to implement their infrastructure projects and builds capacity to enable them to effectively carry out their functions

HOUSEHOLD ENERGY SOURCE PER LOCAL MUNICIPALITY IN THE CDM

Local Municipality	Percentage Households with Electricity
Camdeboo	85%
Blue Crane Route	65%
Ikwezi	72%
Makana	73%
Ndlambe	67%
Sunday River Valley	66%
Baviaans	69%
Kouga	76%
Kou Kamma	76%
DMA	44%
TOTAL	**72%**

Note:

In terms of the provisions of sections 83 and 84 of the Municipal Structures Act, the provision of electricity services in the Cacadu District is the function of local municipalities. In certain areas the local municipality reticulates electricity and in other instances Eskom is the service provider. The District Municipality is the service provider only for the District Management Area..

The provision of electricity in the DMA is being hampered by the fact that the Municipality may not install infrastructure on privately owned property. Although the Municipality resolved during the year under review to enter into land availability agreements with Transnet in respect of the relevant properties to enable it to install such infrastructure, delays are being experienced with the finalisation of the terms of the agreements.by Transnet.

NOTE: ***THE FOLLOWING FIGURES ARE SUPPLIED FROM THE CDM'S RECORDS FOR THE PERIOD UNDER REVIEW***

% of households earning less than R1100 per monthly with access to free basic services	90% **Note:** This relates to free water in the DMA only
% of municipality's capital budget actually spent on capital projects identified in the IDP	0% **Note:** MIG projects carried out in local municipalities only and dealt with on operating budget of CDM
Number of jobs created through the municipality's local economic development initiatives including capital projects	69 **Note:** This year has been devoted mainly to planning and capacity building to create an environment for increased development and job creation in the future.
Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality approved employment equity plan	12 out of the 16 currently employed in the three highest levels of management are from the EE target groups.
% of a municipality's budget actually spent on implementing its workplace skills plan	0,03%
Total outstanding debtors divided by annual revenue actually received for services	554 344 ÷ 137 654 = 4,04
Cash available and investments at 30 June, 2005 divided by monthly fixed operating expenditure	221 002 880 ÷ 4 982 767 = 44,35

RESPONSE TO THE REPORT OF THE AUDITOR GENERAL ON PERFORMANCE MEASUREMENT FOR THE YEAR ENDED 30 JUNE 2006

The Office of the Auditor General is thanked for their report. Responses have been included below using the same numbering as the initial report.

3.1 Development of an Integrated Development Plan

The 2005/2006 Integrated Development Plan substantially complies with the Municipal Systems Act, as well as the Municipal Planning and Performance Management Regulations. The strategic nature of the Integrated Development Plan is improved in 2006/2007.

3.2 Development of a Performance Management System (PMS)

Cacadu is aware of the need and benefits of rolling out the PMS further than level 4 and is giving the matter priority. Following concerns as to the effectiveness of the current PMS, an investigation was conducted, together with research by way of benchmarking. In addition to this, DBSA (who funded the initial system) also conducted a simultaneous study which again raised questions. CDM has concluded that the system as it stands is not the most appropriate to be taken further throughout the organisation. It is imperative that these preliminary issues are resolved prior to embarking on a full roll-out. The 2006/7 year has already involved preparations in order to rectify the process and a revised methodology has been developed. A system has been identified as one that meets requirements and a decision has been taken to ensure the next financial year (2007/8) is one that sees further roll-out of PMS.

3.3 Development and implementation of key performance indicators

As above

3.4 Setting of targets for key performance indicators

As above

3.5 Actual service delivery process

As stated by the OAG, Cacadu is monitoring service providers at present, however this process needs to be centralised to constitute a ‘framework’. This shortcoming is to be addressed by the District Municipality.

CHAPTER 3

HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

ORGANISATIONAL STRUCTURE

The Municipality's organizational structure consists of the following four departments under the umbrella of the Municipal Manager's Office:

- Development Facilitation
- Finance and Corporate Services
- Infrastructure Services
- Health Services

The Municipal Manager's Office holds the accountability and responsibility for the effective, efficient and sound financial administration of the CDM. It also provides executive support to the political structure through administration of special programmes (Youth Development, Gender and Women Empowerment, HIV & AIDS); Disaster Management and Capacity Building to LMs.

The total number of staff employed in each of the four departments on the organizational structure is as follows:

DEPARTMENT	NUMBER OF EMPLOYEES
Office of the Municipal Manager	23
Development Facilitation	18
Finance and Corporate Services	31
Infrastructure Services	18
DMA: Rietbron	10
SUB-TOTAL - CDM	100
Health Services: AGENCY FUNCTION	152
TOTAL	**252**

EMPLOYEE RELATED COSTS

	2003/2004	2004/2005	2005/2006
	R	R	R
Actual	16 903 206	19 910 187	23 290 009
Salary budget	21 529 200	24 334 400	26 835 600
Total budget	45 234 100	56 144 800	155 933 979
	37,37%	35,46%	14,94%

NB: Grant funding was not included in the operating budgets for 2003/2004 and 2004/2005, hence the higher percentage of salary costs in relation to the budget in those years.

TOTAL AMOUNT OWED TO THE MUNICIPALITY BY STAFF - R2 857,00

VARIOUS INITIATIVES RELATING TO EMPLOYMENT ISSUES

The following initiatives relating to employment issues were successfully implemented in 2005/6 financial year:

- The buy-in of politicians and senior management on mainstreaming HIV/AIDS in the workplace which resulted in the establishment of a power base HIV/AIDS task team

- The successful implementation and conclusion of LED Learnerships for the entire district which came into end on 30 June 2006. 14 Learners from Local Municipalities are competent in the LED Learnership.

- The co-ordination of a programme in terms of which 19 Community Development workers have been deployed within the nine local municipalities in the District

- The Workplace Skills Plan for 2006/7 financial year has been adopted and the implementation report for 2005/6 has been submitted to LGWSETA as required by Skills Development Act

- The conclusion of Job Evaluation of 10 Municipalities and the publication of the results for objections thereof.

SKILLS DEVELOPMENT PROGRESS REPORT

The Workplace Skills Plan for the 2005/6 financial year has been adopted and the implementation report for 2004/5 has been submitted to LGWSETA as required by the Skills Development Act

For the period July 2005 to June 2006, the following progress has been made with regard to skills development as projected by the Workplace Skills Plan of 2005/2006. The plan was

to be implemented with a budget of R300 000.00 and it identified the following training priorities.

(1) HIV/AIDS
(2) Leadership Development
(3) Information Technology
(4) Finance Management
(5) Administration

The following training programmes in terms of the Workplace Skills Plan have been successfully implemented;

- Information Technology – (21) twenty one Officials were trained on Information Technology
- Administration– (2) two officials attended the Management of Leave workshop
- Administration – (1) one Official attended the Skills Development Facilitation workshop
- Organisational Design, Job Description writing, Skills Development, Mentoring, Coaching and Performance Management – (1) one portfolio councilor; (2) two officials.
- Councilors Induction Programme – All Councillors from CDM area of jurisdiction were trained except Councillors from Baviaans Municipality.

HR POLICIES

The following HR policies have been reviewed and/or newly approved:

- Acting Allowance;
- Career Planning and Career Pathing;
- Promotion;
- Performance Management Systems;
- Study Assistance Policy;
- Subsistence and Traveling Allowance;
- Smoking / Tobacco;
- Contract Renewal
- Leave
- Absenteeism
- Legal Assistance to councilors and officials
- Recruitment and Selection

The following HR policies are still under review:

- HIV/AIDS
- Medical Incapacity Procedure

DEVELOPMENTS WITH REGARD TO MAINSTREAMING HIV/AIDS IN THE WORKPLACE

The HIV & Aids Co-ordinator position has been filled on a five year contract to perform the secretariat functions for and strengthen the functioning of the District HIV/AIDS Council, and to spearhead mainstreaming of HIV/AIDS in the workplace in co-operation HR Division and the HIV & Aids Task Team.

RULIV has been approached to assist the Municipality in this regard and has appointed a service provider to capacitate the Task Team to effectively perform their mandate of:

- updating the current HIV/AIDS workplace policy
- developing and implementing a comprehensive strategic management system.

HODs are assessed or evaluated as per the key performance indicators for mainstreaming HIV/Aids which were developed and included in the service contracts of the Heads/Directors of each Department in the 2004/05 financial year.

EMPLOYER/EMPLOYEE RELATIONS

The CDM and organized labour generally continued with their spirit of mutual respect and co-operation during the period under review.

EMPLOYMENT EQUITY

The following is the Municipality's Employment Equity Profile as at 30 June 2006. A key driver behind the staff appointment process is ensuring that the staff composition will ultimately reflect the demographics of the District.

CACADU DUSTRICT MUNICIPALITY EMPLOYMENT EQUITY PROFILE-OCCUPATIONAL LEVELS (RACE & GENDER) 30 JUNE 2006

	MALES				FEMALES				TOTAL EE DESIGNATED GROUPS				TOTAL	
	BLACKS		WHITES		BLACKS		WHITES		DESIGNATED GROUPS		WHITES		WORKFORCE TOTAL	
Occupational Levels	**NO**	**% OF TOTAL**	**NO**	**% OF TOTAL**	**NO**	**% OF TOTAL**	**NO**	**% OF TOTAL**	**NO**	**% OF TOTAL**	**NO**	**% OF TOTAL**	**NO**	**% OF TOTAL**
Top management	2	33	1	17	3	50	0	0	5	83	1	17	**6**	**2**
Senior management	5	56	2	22	1	11	1	11	7	78	2	22	**9**	**4**
Professionally qualified and experienced specialists and mid-management	19	14	12	9	69	50	39	28	127	91	12	9	**139**	**55**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	16	89	2	11	18	100	0	0	**18**	**7**
Semi-skilled and discretionary decision making	11	17	0	0	53	83	0	0	64	100	0	0	**64**	**25**
Unskilled and defined decision making	11	69	0	0	5	31	0	0	16	100	0	0	**16**	**6**
TOTAL	**48**	**19**	**15**	**6**	**147**	**58**	**42**	**17**	**237**	**94**	**15**	**6**	**252**	**99**

CHAPTER 4

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

	Note	2006 R	2006 R	2005 R	2005 R
ASSETS					
Current Assets					
Investments	11	217,000,000		227,000,000	
Consumer debtors	14	455,289		394,576	
Other debtors	15	18,424,332		13,952,555	
Current portion of long-term receivables	12	162,320		171,536	
VAT	31	1,002,028		-	
Cash		5,100		4,100	
Bank	16	3,997,780		7,890,844	
			241,046,849		249,413,611
Non-Current Assets					
Property, Plant And Equipment	10	5,827,998		5,487,920	
Long-Term Receivables	12	212,632		334,735	
Total Assets			247,087,479		255,236,267
LIABILITIES					
Current Liabilities					
Provisions	7	1,193,291		256,910	
Creditors	8	21,155,460		28,889,977	
VAT	31	-		699,292	
Conditional Grants And Receipts	9	83,832,046		99,205,099	
Current portion of long term liabilities	4	394,592		363,532	

	Note				
			106,575,389		129,414,810
Non-current Liabilities					
Long-Term Liabilities	4	779,646		1,212,017	
Provisions	5	52,500,000		50,900,000	
Total liabilities			159,855,035		181,526,827
Net Assets			87,232,444		73,709,440
NET ASSETS					
Capital Replacement Reserve	2	47,966,668		48,752,581	
Government Grant Reserve	2	1,758,248		1,916,824	
Unappropriated Surplus		37,507,528		23,040,035	
Total net assets			87,232,444		73,709,440

(Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)

CACADU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

Budget 2005	Budget 2006		Note	Actual 2006	Actual 2005
R	R			R	R
		REVENUE			
14,600,000	19,200,000	Regional Services Levy- Turnover		19,630,711	18,638,632
6,400,000	10,800,000	Regional Services Levy- Remuneration		11,787,254	12,156,148
1,404,900	871,000	Rental		734,275	2,152,907
5,800,000	10,350,000	Investment Interest		13,421,124	13,715,208
420,000	350,400	Other Interest		574,610	779,263
330,000	80,000	Income for agency services		90,892	265,697
18,363,700	94,768,617	Government grants and subsidies	18	89,346,338	14,229,892
-	-	Other Local Authorities		-	-
121,500	87,100	Tariffs and Charges		153,503	110,306
-	-	Public Contributions		-	-
-	30,000	Property Rates		27,168	
8,704,700	19,396,862	Other income	19	9,250,572	4,550,061
-	-	Gains on disposal of property, plant and equipment		-	205,738
56,144,800	155,933,979			145,016,445	66,803,854
-	-	Recovered from Grants and subsidies	18	-	51,204,630
56,144,800	**155,933,979**	**Total Income**		**145,016,445**	**118,008,483**
		EXPENDITURE			
24,334,400	26,835,600	Employee related costs	20	23,174,333	19,910,187
2,826,600	2,883,100	Remuneration of Councillors	21	2,686,994	2,502,799
-	-	Contribution to bad debt provision	22	1,282,585	1,400,792
-	-	Bad debts written off		-	1,102,212
680,000	1,400,000	Collection costs		1,316,223	944,987
375,600	478,300	Depreciation		990,046	509,042
2,008,600	4,717,600	Repairs and maintenance		2,678,539	1,177,007
-	-	Interest on External Borrowings	23	149,126	48,848
2,198,900	3,176,000	Contracted services		2,673,135	1,900,855
905,000	82,070,017	Grants and Subsidies paid	25	70,417,655	8,807,313
22,815,700	34,974,162	General expenses-other		26,540,266	13,681,705
-	-	Capital expenditure		-	-
-	-	Contribution to leave provision		1,246,202	95,339
-	-	Loss on disposal of property, plant and equipment		28,461	-
-	1,456,300	Cross subsidisation		38,731	-
-	(2,057,100)	Interdepartmental Charges		(1,850,414)	-
56,144,800	155,933,979			131,371,880	52,081,086
		General expenses-Conditional Grants		-	51,204,630
56,144,800	**155,933,979**	**Total Expenditure**		**131,371,880**	**103,285,716**
-	-	**Net Surplus / (Deficit) for the year**		**13,644,566**	**14,722,768**

Refer to Appendix E(1) for explanations of variances

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

CACADU DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

	Capital Replacement reserve (CRR)	Depreciation Reserve ex CRR	Government Grant Reserve	Donations and Public Contribution Reserve	Revaluation Reserve	Unappropriated Surplus	Total
	R	R	R	R	R	R	
2005							
Balance at 30 June 2004	46,680,414	4,685	1,317,228	-	-	13,617,467	61,619,794
Transactions i.r.o previous year	-	-	-	-	-	(1,367,590)	(1,367,590)
Changes in accounting policy	-	(4,685)	-	-	-	4,685	-
Restated balance	46,680,414	-	1,317,228	-	-	12,254,562	60,252,204
Net Surplus for the year - CDM	-	-	-	-	-	14,342,647	14,342,647
Net Surplus for the year - PIMSS	-	-	-	-	-	380,120	380,120
Transfer to CRR	10,000,000	-	-	-	-	(10,000,000)	-
Contribution to provision for long term liabilities	-	-	-	-	-	(3,500,000)	(3,500,000)
Appropriations - DMA	-	-	-	-	-	(692,131)	(692,131)
Appropriations - PIMSS	-	-	-	-	-	(9,395)	(9,395)
Unidentified deposits in bank transferred	-	-	-	-	-	550,664	550,664
Sundry Creditors Reversed - 2002/03	-	-	-	-	-	317,623	317,623
Transfer from CRR	(7,760,000)	-	-	-	-	7,760,000	-
PPE purchased from CRR	(167,833)	-	-	-	-	167,833	-
Capital grants used to purchase PPE	-	-	990,169	-	-	(990,169)	-
Donated/contributed/found PPE	-	-	-	-	-	16,000	16,000
Offsetting of depreciation.	-	-	(390,573)	-	-	390,573	-
Balance at 30 June 2005	48,752,581	-	1,916,824	-	-	20,988,327	71,657,732
2006							
Transactions i.r.o previous year	-	-	-	-	-	1,936,032	1,936,032
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	48,752,581	-	1,916,824	-	-	22,924,359	73,593,764
Net Surplus for the year	-	-	-	-	-	13,644,566	13,644,566
Capital purchases	-	-	349,378	-	-	(349,378)	-
Contribution to provision for long term liabilities	-	-	-	-	-	-	-
Unidentified deposits in bank transferred	-	-	-	-	-	-	-
Transfer from CRR	-	-	-	-	-	-	-
PPE purchased from CRR	(785,913)	-	-	-	-	785,913	-
Capital grants used to purchase PPE	-	-	-	-	-	-	-
Donated/contributed/found PPE	-	-	-	-	-	-	-
Offsetting of depreciation.	-	-	(507,955)	-	-	507,955	-
Balance at 30 June 2006	47,966,668	-	1,758,248	-	-	37,513,414	87,238,329

CACADU DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from levies, government and other		116,781,835	138,225,403
Cash paid to suppliers and employees		(142,449,352)	(115,895,593)
Cash generated from operations	27	(25,667,517)	22,329,812
Interest received		13,421,124	13,715,208
Interest paid		(149,126)	(48,836)
Non-operating income charged against provisions		-	-
NET CASH FROM OPERATING ACTIVITIES		(12,395,518)	35,996,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment.		(1,222,949)	(5,972,635)
Proceeds on disposal of fixed assets.		85,602	214,929
(Increases)/Decreases in non-current loans		131,320	155,642
(Increases)/Decreases in investments		10,000,000	(29,000,000)
NET CASH FROM INVESTING ACTIVITIES		8,993,974	(34,602,064)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised (repaid)		(401,310)	1,575,549
NET CASH FROM FINANCING ACTIVITIES		(401,310)	1,575,549
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28	**(3,802,855)**	**2,969,669**

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

1. BASIS OF PRESENTATION

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value. These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accepted Accounting Practices (GAMAP) and of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). These accounting policies are consistent with those of the previous financial year.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or acombination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fairvalue, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		**Other**	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and equipment	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		
Investment Properties	30		

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance

5. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings.

6. RESERVES

The Municipality creates and maintains Funds and Reserves in terms of specific requirements.

Capital replacment Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Capital Replacement Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the CRR:

- The cash backing up the CRR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.

- The CRR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council wants to utilise the CRR for expensing something other than PPE an amount equal to the expense must be transferred to net surplus.

- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve (FDR) called the CRR FDR. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The FDR is used to offset depreciation charged on assets purchased out of the CRR and is released to the statement of financial performance over the useful life of the asset to avoid double taxation of the consumers.

- If a profit is made on the sale of PPE other than land the profit on these assets sold is reflected in the statement of financial performance and is then transferred via the statement of changes in net assets to the CRR provided that it is backed by cash. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

7. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

8. PROVISIONS

A provision is recognised when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

8.1 Employee Benefits

8.1.1 Retirement Funds

The Council and its employees contribute to various Pension Funds and its councillors may contribute to the various Pension Funds. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

8.1.2 Medical Aid: Continued Members

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

8.1.3 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave owing to employees and on their total salary packages.

8.1.4 Provision for bonuses

The Council will make provision for bonuses payable where at year end minimum bonus amounts owing to officials are contractually payable in the next financial year. As for the year ended 30 June 2006 bonuses were paid out of operating expenses.

8.1.5 Provision for constructive obligations

Provision is made for any constructive obligations of the Municipality. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby the Municipality has indicated to other parties that it will accept certain responsibilities and as a result, the Municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities

8.1.6 Provision for onerous contracts

When the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

9. LEASES

LESSEE ACCOUNTING

9.1. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.

9.2. Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.

9.3. Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

10. INVESTMENTS

The Council may have the following types of investments.

- **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the Council has the positive intent and ability to hold the investment to maturity.

- **Loans and receivables originated by the enterprise** are financial assets that are created by providing money, goods or services directly to a loan debtor.

INITIAL MEASUREMENT of financial instruments is at cost, which is the fair value of the consideration given. The fair value is usually the transaction price or market price. Transaction costs are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

SUBSEQUENT MEASUREMENT of financial assets.

HTM investments and loans and receivables originated by the Council and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

Investment in Municipal Entities
Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

11. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used.

12. REVENUE RECOGNITION

REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions
Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where thecontribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, includingthose set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from theresponsible councillors or officials is virtually certain.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.

- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The stage of completion of the transaction at the statement of financial position date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

13. VALUE ADDED TAX

The Council accounts for Value Added Tax on the invoice basis.

14. SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of revenue and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of revenue and expenditure.

15. GRANTS-IN-AID

The Council transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Council does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year after year end they are treated in accordance with the accounting policy on onerous contracts outlined under 8.1.6 above.

16. TRADE CREDITORS

Trade creditors are stated at their nominal value.

17. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If the conditions do not specify, interest is allocated at the discretion of the Municipality either to the creditor account or to the statement of financial perfomance.

18. INTANGIBLE ASSETS.

Intangible assets are treated in accordance with the provisions of IAS 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Council are amortised according to the straight line method.

19. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

20. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

21. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

23. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. COMPARATIVE INFORMATION

Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. HOUSING DEVELOPMENT FUND

Cacadu District Municipality does not administer a Housing Development fund

2. RESERVES

	2006 R	2005 R
Capital Replacement Reserve	47,966,667	48,752,580
Future Depreciation Reserve		
- Assets financed ex Government Grants	1,758,248	1,916,824
Total Reserves	**49,724,915**	**50,669,404**

The CRR is fully invested.

3. TRUST FUNDS

Cacadu District Municipality does not administer any Trust Funds.

4. LONG- TERM LIABILITIES

	2006 R	2005 R
Capitalised lease liability	1,174,238	1,575,549
Sub total	1,174,238	1,575,549
Less: Current Portion transferred to current liabilities	(394,592)	(363,532)
Capitalised lease liability	(394,592)	(363,532)
	779,646	**1,212,017**

5. NON-CURRENT PROVISIONS

	2006 R	2005 R
Provision for Post Retirement Benefits.	52,500,000	50,900,000
Total Non-Current Provisions	52,500,000	50,900,000

The value of the post retirement medical and pension benefits was arrived at by calculating the value of the subsidies at 30 June 2005. Allowances were made for the increases in subsidies in the future at a rate equal to that of the expected medical aid inflation rate. The liability for CDM amounts to R50.9M. This represents a R 3.5 M increase on the previous valuation which was performed as at 1 December 2001. The contribution has been funded from the accumulated surplus. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post retirement benefits.

	2006 R	2005 R
	Post Retirement Benefits	
The movement in the provisions is reconciled as follows:-		
Balance at beginning of year	50,900,000	50,900,000
Contributions	4,568,471	-
Expenditure incurred	(2,968,471)	-
Increase due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	52,500,000	50,900,000

6. CONSUMER DEPOSITS

Cacadu District Municipality holds no consumer deposits.

7. CURRENT PROVISIONS

	2006 R	2005 R
Current portion of Leave Pay provision	1,193,291	256,910
Current portion of Group Life Insurance liability	-	-
Total Current Provisions	**1,193,291**	**256,910**

Leave pay accrues to employees on a yearly basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

The Provision for Group life Insurance Liability was established to provide for a liability arising from Group life Insurance claims where payment was refused by the Insurer. This provision subsequently been reversed, as the obligation for payment has not yet

The movement in the current provision is reconciled as follows:-

	Current Portion Group Life liability	Current Portion Leave Pay
2005		
Balance at beginning of year	-	256,911
Transfer from non-current	-	-
Expenditure incurred	-	-
Balance at end of year	-	**256,911**
2006		
Balance at beginning of year	559,884	256,911
Contributions	-	1,246,202
Expenditure incurred	-	(309,822)
Write down	(559,884)	-
Balance at end of year	-	**1,193,291**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

8. CREDITORS

	2006 R	2005 R
Trade creditors	-	170,999
Payments in advance- RSC Levies	2,744,542	2,652,721
Payments in advance- Other	143	-
Payments in advance- Service debtors	10,190	36,941
Payments in advance - sundry debtors	401,782	234,789
Unidentified deposits	521,916	858,408
Infrastructure projects Levies	13,352,224	19,449,091
Salaries and Wages	356,190	21,017
Sundry creditors	98,687	741,037
Other Creditors	3,669,786	4,724,974
Total creditors	**21,155,460**	**28,889,977**

9. CONDITIONAL GRANTS AND RECEIPTS

	2006 R	2005 R
Conditional Grants from Government	81,191,214	92,892,671
Government Grants	61,910,665	54,277,440
Provincial Grants and subsidies	19,280,549	38,615,231
Conditional Third party Grants from Government.	2,582,509	5,666,016
Government Grants	-	1,774,222
Provincial Grants and subsidies	1,710,947	3,577,458
Other	871,562	314,336
Other donations	48,123	105,105
Total Conditional Grants and Subsidies	**83,821,846**	**98,663,793**

See **Appendix F** for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.

10. PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Carrying Value R
30th June 2006			
Infrastructure	1	1	-
Community	336,958	315,456	21,502
Other	16,378,968	10,722,925	5,656,043
Totals	**16,715,927**	**11,038,382**	**5,677,545**
30th June 2005			
Infrastructure	1	1	-
Community	19	1	18
Other	15,582,470	10 094 568	5,487,902
Totals	**15,582,490**	**10,094,570**	**5,487,920**

All assets, other than Land and buildings, were valued and recorded in the asset register. Backlog depreciation was calculated according to GAMAP 17 taking into consideration the estimated lifespan.

	2006 R	2005 R

Land and Buildings were entered into the Asset register at R1.00 nominal value except for the Standard Bank, Algoa House buildings and three other properties which were recorded at revalued amounts.

Refer Appendixes A and B for more detail on property, plant and equipment.

11. INVESTMENTS

Listed
CDM had no listed investments on reporting date.

Unlisted
CDM has a 50 percent share in the Kouga Development Agency (KDA)

Financial Instruments	2006 R	2005 R
Fixed Deposits-Long Term	-	-
Other Deposits- Short Term	217,000,000	227,000,000
Total cash investments	217,000,000	227,000,000
Total Investments	**217,000,000**	**227,000,000**

Allocation of external investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

	2006 R	2005 R
Reserves (Excluding Future Depreciation Reserves)	47,966,667	48,752,580
Provisions (Including Bad Debt Provision)	58,727,491	56,295,296
Conditional Grants and Receipts	83,821,846	98,663,793
Infrastructure projects from Levies	13,352,224	19,449,091
Unappropriated surplus	13,131,772	3,839,240
Total	**217,000,000**	**227,000,000**

12. LONG-TERM RECEIVABLES

	2006 R	2005 R
Loans to Local Authorities outstanding	334,736	444,583
Staff loans	40,215	61,689
	374,951	506,271
Less : Short-term portion transferred to current assets	162,319	171,536
Total Non-Current receivables	**212,632**	**334,735**

Loans were approved for:

Paradise beach for R900,000 and St Francis bay for R150,000 at 14.25% per annum repayable over 15 years.

13. INVENTORY

The Council does not hold inventory. Goods are purchased as needed and consumed in the financial year of purchase.

	2006 R	2005 R
14. CONSUMER DEBTORS		
Levies	3,365,780	3,294,687
Services	554,344	655,054
Rates	40,943	-
Total	**3,961,067**	**3,949,741**
Less: Provision for bad debts		
Other	(3,505,778)	(3,555,166)
Total Consumer Debtors	**455,289**	**394,575**
Regional Services Levies: Ageing		
Current (0 - 30 days)	97,351	107,076
31 - 60 Days	179,610	165,232
61 - 90 Days	125,340	119,922
91 - 120 Days	103,997	93,424
121 - 150 Days	87,945	75,705
151 - 180 Days	91,312	76,918
+ 180 Days	2,680,225	2,656,409
Total	3,365,780	3,294,686
Services: Ageing		
0 - 90 Days	21,344	2,344
+ 90 Days	533,000	652,710
Total	554,344	655,054
Rates : Ageing		
0 - 90 Days	-	-
+ 90 Days	40,943	-
Total	40,943	-
Grand total	**3,961,067**	**3,949,740**

The RSC Levies are collected by the Nelson Mandela Metropolitan Municipality on a contractual basis.

According to legislation passed during 2004/2005, the collection of RSC levies has been abolished effective 1 July 2006

	2006 R	2005 R
15. OTHER DEBTORS		
Sundry Debtors	44,524	24,906
Other Debtors - Rietbron	182,857	-
Rental	88,738	143,518
Staff accounts	4,977	4,386
Nelson Mandela Metropolitan Municipality Infrastructure projects	-	2,356,124
Nelson Mandela Metropolitan debtors bank deposits	2,479,491	2,751,045
Electricification Project	-	-
General	2,950,976	1,631,388
Housing Schemes	13,862,888	6,223,973
Interest on investments accrued	1,006,939	971,760
Land Sale Debtors	-	-
Salaries and Wages	30,146	27,904
Deposits	15,130	14,000
Sub total	**20,666,666**	**14,149,004**
Less: Provision for bad debts other	(1,528,422)	(196,450)
Total Other Debtors	**19,138,244**	**13,952,555**

	2006 R	2005 R
BAD DEBT PROVISION		
Balance at beginning of year	3,751,616	2,311,866
Contributions	1,282,585	1,439,750
Bad debts written off	-	-
Balance at the end of the year	5,034,201	3,751,616

The bad debt provision is calculated on the ageing of debtors. Council's policy is to provide on debtor balances which have been outstanding for more than 90 days.

No provision has been made for the outstanding bridging finance on Housing projects as it is anticipated that these funds will be recovered. The period over which these amounts will be recovered is however uncertain.

16. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Current Account (Primary Bank Account)

ABSA Limited
32 Govan Mbeki Avenue
Port Elizabeth
Account Number : 1640 000 062 (Current Account)

	2006 R	2005 R
Cashbook balance at the beginning of the year	7,233,862	8,392,762
Cashbook balance at the end of the year	3,430,007	7,233,862
Bank statement balance at the beginning of the year	7,933,832	9,574,043
Bank statement balance at the end of the year	9,794,268	7,933,832

17. SERVICE CHARGES

	2006 R	2005 R
Sale of water	66,511	15,531
Refuse removal	19,391	4,076
Sewerage and sanitation charges	51,752	2,516
	137,654	22,123

18. GOVERNMENT GRANTS AND SUBSIDIES

	2006 R	2005 R
Government Grants		
Equitable share	3,292,473	4,242,409
Skills Development	714,451	-
Disaster Management	1,000,000	1,000,000
Restructuring Grant - LED	-	400,000
Restructuring Grant - Capacity Building	2,000,000	3,666,500
Restructuring Grant - Development Facilitation	500,000	748,500
Other	12,701,630	790,629
Total Government Grants	**20,208,554**	**10,848,038**

	2006 R	2005 R
Provincial Subsidies		
Contribution to Retirement benefits- (Roads pensioners)	2,924,503	2,835,263
Environmental Health	3,800,444	546,591
Total Provincial Subsidies	6,724,947	3,381,854
Total Government Grants and Subsidies received	26,933,501	14,229,892
National/Provincial Government Grant funding (expenditure reimbursement)		
DROUGHT RELIEF	6,416	-
LIBRARIES - LOCAL MUNCIPALITIES	353,194	-
MAYOR'S SPECIAL PROJECTS	63,382	88,718
DISASTER MANAGEMENT	3,070,893	3,914,632
COMMUNITY DEVELOPMENT WORKERS PROGRAM	840,642	754,322
FINANCE MANAGEMENT GRANT	871,241	1,637,922
HIV/AIDS ATICCS	311,000	-
HIV/AIDS NGO/CBO CAPACITY BUILDING	-	87,082
HIV/AIDS DISTRICT AIDS COUNCIL	9,979	90,200
HIV/AIDS LABORATORY SERVICES	-	478,733
STIPENDS TO VOLUNTEERS	1,102,704	1,202,400
HIV/AIDS EDUCATIONAL PROGRAM	-	136,425
HIV/AIDS NGO FUNDING	505,884	(142,767)
HIV/AIDS MEDICATIONS	1,779,604	-
HIV/AIDS LSA ACTIVITIES	1,575,394	949,389
HIV/AIDS HOME BASED CARE KIT	-	79,059
HIV/AIDS HOME BASED CARE KIT TOP	53,189	27,246
IKWEZI LIBRARY	137,248	-
MUNICIPAL SYSTEM IMPROVEMENT GRANT	4,398,968	2,231,030
IDP SUPPORT GRANT FOR LM'S AND DM'S	9,211	-
RESTRUCTURING GRANT	6,089,243	7,134,424
AMBULANCE SUBSIDY	565,010	308,850
SPATIAL DEVELOPMENT FRAMEWORK	86,334	-
INTER-GOVERNMENTAL RELATIONS	103,541	-
LONGMORE FLOWER TRAIL	760,000	-
HOUSING PROJECTS	4,638,894	282,437
PEOPLES HOUSING PROJECT	5,467,821	475,433
ECON GROWTH AND DEVELOPMENT STRATEGY - DFID	54,100	-
THORNHAM - WATER SUPPLY	36,052	-
CDM SPATIAL DATABASE - DBSA	1,267,094	-
IKWEZI YOUTH DEVELOPMENT	295,738	172,025
IKWEZI MSP	45,101	579,561
IKWEZI - HARDWOOD FARM	475,568	324,074
PASSENGER TRANSPORT PLANS AND FACILITIES	2,939,701	424,344
ELECTION EXPENSES	80,646	-
PILOT HOUSING PROJECT - ADDO	251,988	-
DISTRICT WIDE PROJECTS - EX TRC FUNDS	5,700	-
ABERDEEN TRC	-	585
ALBANY TRC	233,130	672,043
GRANT DBSA KLIPPLAAT	664,336	35,733
ALEXANDRIA TRC	-	55,860
GRAAFF REINET TRC	-	15,083
HANKEY TRC	-	133,273
TOWN PLANNING SERVICES	17,278	-
HUMANSDORP TRC	-	2,941
JANSENVILLE TRC	-	3,753
JOUBERTINA TRC	-	21,247
KIRKWOOD TRC	-	50,632
PEARSTON TRC	-	3,798

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
PORT ELIZABETH TRC	-	41,618
SOMERSET EAST TRC	-	26,187
UITENHAGE TRC	-	705,721
WILLOWMORE TRC	193,656	385,407
MULTIANNUAL ACTION PLANS - MAAP	3,096,717	6,027,606
CMIP	17,745,703	20,533,214
DEPT OF SPORT, RECREATION ARTS AND CULTURE	166,680	-
MUNICIPAL INFRASTRUCTURE	-	296,537
PUBLIC WORKS PROJECTS	221,061	393,465
KABELJOUS RIVER INTEGRATED DEV PLAN	990,704	160,012
BUILDING FOR SPORT AND RECREATION	832,092	404,378
Total National/Provincial Government Grants (expenditure reimbursements)	**62,412,837**	**51,204,630**
TOTAL GOVERNMENT GRANTS AND SUBSIDIES	**89,346,338**	**65,434,522**

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to supplement the Municipalities revenue as regional levies are not sufficient.

19. OTHER INCOME

	2006 R	2005 R
Finance charges to funding	1,167,341	1,809,404
Other	8,083,231	2,740,657
Total Other Income	**9,250,572**	**4,550,061**

20. EMPLOYEE RELATED COSTS

	2006 R	2005 R
Salaries and wages	16,011,070	13,368,509
Social contributions	7,163,263	6,541,678
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
	23,174,333	**19,910,187**

Remuneration of the Municipal Manager		
Annual Remuneration	431,320	394,804
Car Allowance	156,000	144,000
Performance Bonus	45,544	96,674
Total	**632,864**	**635,478**

Remuneration of the Director Finance and Corporate Services.		
Annual Remuneration	421,758	378,073
Car Allowance	100,000	100,000
Performance Bonus	40,584	86,146
Total	**562,342**	**564,219**

Remuneration of the Manager of Health		**2 Months**
Annual Remuneration	309,417	39,000
Car Allowance	96,000	15,720
Performance Bonus	26,400	-

	2006 R	2005 R
Total	**405,417**	**54,720**

Remuneration of the Director Infrastructure		
Annual Remuneration	346,231	240,000
Car Allowance	92,667	100,000
Performance Bonus	28,832	40,800
Total	**467,730**	**380,800**
Remuneration of the Director Development Facilitation		
Annual Remuneration	463,671	345,196
Car Allowance	100,000	100,000
Performance Bonus	44,058	80,136
Total	**607,729**	**525,332**

21. REMUNERATION OF COUNCILLORS

Executive Mayor	385,697	365,773
Deputy Executive Mayor	-	-
Speaker	171,425	133,441
Mayoral Committee members	1,507,351	1,326,166
Councillors	725,893	663,862
Councillors' pension and Medical contribution	21,294	13,557
Total Councillors' Remuneration	**2,811,660**	**2,502,799**

An amount of R 124 666 is included and represents cellular telephone allowances

In-kind Benefits

The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

22. BAD DEBTS

Contribution to the bad debt provision	1,282,585	1,400,792
Bad debt written off against income	-	1,102,212
Total Bad Debts	**1,282,585**	**2,503,004**

23. INTEREST ON EXTERNAL BORROWINGS

External loans	-	-
Finance leases	149,126	48,848
Bank overdrafts	-	-
Total interest on External Borrowings.	**149,126**	**48,848**

24. BULK PURCHASES

Water purchases	6,310	55,776

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
25. GRANTS AND SUBSIDIES PAID		
Tourism (District Tourism Organisation)	650,482	860,000
Mayors contingency fund	-	175,519
Housing	-	7,760,000
Local economic development	-	11,794
Other	7,045,709	-
Expenditure charged against conditional grants	62,412,837	-
Total Grants and Subsidies paid	**70,109,028**	**8,807,313**
26. CONTRIBUTIONS TO/(FROM) PROVISIONS		
Provision for Leave pay	1,246,202	95,339
Provision for Post Retirement Benefits.	4,568,471	-
Provision for Group Life Insurance liability	(559,884)	-
Provision for bad debts	1,282,585	1,400,791
	6,537,374	**1,496,131**
Provision for Post Retirement Benefits (see note 5)	-	3,500,000
27. CASH GENERATED BY OPERATIONS		
Net surplus for the year	13,644,566	17,271,525
Adjustment for:-		
Corrections	-	-
Depreciation	990,046	509,042
(Gain)/Loss on disposal of property, plant and equipment	28,461	(205,738)
Correction of asset values	(70,784)	-
Contributions to provisions - current	936,381	-
Contributions to bad debt provision	1,282,585	1,400,792
Long Term Liability provision - expenditure	(2,968,471)	-
Contributions to long Term Liability Provision	4,568,471	-
Contribution (from)/to reserves	-	37,330
Appropriations - Primary Health Care	-	(1,283,342)
Appropriations - District Management Area	-	(692,131)
Appropriations - PIMSS	-	(9,395)
Unidentified deposit on bank transferred to surplus	-	550,664
Sundry Creditors Reversed - 2002/03	-	317,623
Capital expenditure	-	3,146,627
Investment income	(13,421,124)	(13,715,208)
Interest paid	149,126	48,836
Operating surplus before working capital changes:	**5,139,255**	**7,376,626**
Decrease/(Increase) in inventories	-	-
(Increase)/Decrease in consumer debtors	(11,326)	4,086,371
(Increase)/Decrease in other debtors	(6,517,661)	1,617,939
(Increase)/Decrease in VAT	(1,701,320)	1,437,704
Increase/(Decrease) in conditional grants and receipts	(14,841,947)	13,244,116
Increase/(Decrease) in creditors	(7,734,517)	(5,432,944)
Cash generated by operations	**(25,667,516)**	**22,329,812**

	2006 R	2005 R

28. CASH AND CASH EQUIVALENTS

	2006 R	2005 R
Balance at the end of the year	3,435,107	11,748,658
Balance at the beginning of the year	7,237,962	8,398,362
Net Increase/(Decrease) in cash and cash equivalents	**(3,802,855)**	**2,969,669**

29. EXTERNAL LOANS RECONCILIATION

Cacadu District Municipality has external loans in the form of finance leases. Refer Appendix A

30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure	2006 R	2005 R
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance		
- authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-

Irregular, fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure	2006 R	2005 R
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance		
- authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-
Total unauthorised, fruitless and wasteful expenditure disallowed	-	-

31. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL

Contributions to SALGA

	2006 R	2005 R
Opening balance	-	-
Council subscriptions	219,547	398,770
Amount paid - current year	(219,547)	(398,770)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

Audit fees

	2006 R	2005 R
Opening balance	-	350,000
Current year audit fee	664,923	111,544
Amount paid - current year	(664,923)	(461,544)
Amount paid - previous years	-	-

	2006 R	2005 R
Balance unpaid (included in creditors)	-	-

VAT

Input tax	(2,031,446)	(217)
Output tax	1,029,418	699,508
NET VAT -(receivable)/payable	**(1,002,028)**	**699,292**

All Vat returns have been submitted by the due date throughout the year.

PAYE and UIF

Opening balance	(16,097)	960
Current year payroll deductions	5,852,641	4,559,235
Amount paid - current year	(5,849,672)	(4,575,331)
Amount paid - previous years	16,097	(960)
Balance unpaid (included in debtors)	**2,969**	**(16,097)**

The balance represents PAYE and UIF paid to SARS on behalf of employees

Pension and Medical Aid Deductions

Opening balance	(3,144)	24,786
Current year payroll deductions and Council Contributions	2,899,399	2,931,510
Amount paid - current year	(2,949,501)	(2,934,654)
Amount paid - previous years	3,144	(24,786)
Balance unpaid (included in creditors)	**(50,102)**	**(3,144)**

The balance represents pension and medical aid contributions deducted from employees in the June 2005 payroll as well as Council's contributions to medical aid and pension funds. These amounts were paid during July 2005.

32. CORRECTION OF ERRORS

During the year ended 30 June 2006 errors relating to prior years were identified. These have been corrected by restating the comparative figures as follows :

Adjustments to income and expenditure relating to prior years		(908,971.00)
Assets for the District Management Area fully expensed in error		1,845,179.00
Transfer of Creditor balances to Accumulated Surplus		417,958.00
Credits on debtor balances transferred to Accumulated Surplus		21,983.00
Group Life Insurance liability raised in prior year reverse (not provision)		559,884.00
Net effect on surplus/(deficit) for the year	-	**1,936,033**

33. CAPITAL COMMITMENTS

A capital commitment of R 10 m exists for the construction of a new office building in Jeffreys Bay. This amount has been ringfenced and is recorded in the Restructuring Grant account.

34. OPERATING COMMITMENTS

Operating leases - as lessee (expense): photostat and facsimile machines

Minimum future lease payments due (refer to Appendix G for more detail) -within one year	206,296	-

	2006 R	2005 R
-second to fifth year inclusive	354,303	-
Total	560,599	-

35. CONTINGENT LIABILITIES

A possible liability exists in respect of group life insurance claims that have been rejected by the insurers. This litigation process is still on going.	**500,000**	-

36. RETIREMENT BENEFIT INFORMATION

Post- Retirement Medical Benefit

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

Pension and Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

37. IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were made during the year

38. AGENCY FUNCTIONS

The District Municipality provides the following service on an agency basis

Primary Health Care

Subsidy received	18,007,232
Expenditure incurred	16,376,009
Surplus	1,631,223

39. RISK MANAGEMENT

Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

Interest rate risk

Deposits attract interest at a rate that varies according the the prime banking rate. The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with the five major banks which have an equity above R 6 billion with good credit rating. The Municipality also limits exposure according to a pre determined formulae.

	2006	2005
	R	R

Consumer debtors comprise a widespread customer base. Management evaluates credit risk relating to consumers on an ongoing basis.

40. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted operating expenditure.

41. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted capital expenditure.

42. Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations have not been fully implemented

APPENDIX A

CACADU DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE	BALANCE AT 30/06/2005	RECEIVED DURING THE PERIOD	ADJUSTMENTS	REDEEMED WRITTEN OFF DURING THE PERIOD	BALANCE AT 30/06/2006	CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT	OTHER COSTS IN ACCORDANCE WITH MFMA
			R	R	R	R	R	R	R
LEASE LIABILITY									
Vehicle finance lease - DHG 880 EC	1	2009/02/20	152,940	-	1,205	33,399	120,746	120,978	-
Vehicle finance lease - DHN 456 EC	2	2009/04/03	108,852	-	17,385	29,198	97,040	104,130	-
Vehicle finance lease - DHM 454 EC	3	2009/04/03	108,852	-	17,385	29,198	97,040	104,130	-
Vehicle finance lease - DHD 265 EC	4	2009/02/24	116,900	-	(18,978)	23,303	74,618	71,927	-
Vehicle finance lease - DHF 730 EC	5	2009/02/27	106,833	-	17,146	29,422	94,556	101,962	-
Vehicle finance lease - DHD 277 EC	6	2009/02/24	116,900	-	(18,978)	23,303	74,618	71,860	-
Vehicle finance lease - DHD 722 EC	7	2009/02/23	92,551	-	13,962	106,513	-	-	-
Vehicle finance lease - DHD 723 EC	8	2009/02/23	92,551	-	13,962	25,278	81,235	87,153	-
Vehicle finance lease - DHM 433 EC	9	2009/04/03	108,852	-	17,385	29,198	97,040	104,130	-
Vehicle finance lease - DHD 245 EC	10	2009/02/23	114,789	-	(16,867)	23,303	74,619	71,995	-
Vehicle finance lease - DHN 631 EC	11	2009/02/20	94,946	-	16,534	24,686	86,793	88,755	-
Vehicle finance lease - DHD 254 EC	12	2009/02/24	122,575	-	(17,130)	25,047	80,398	78,457	-
Vehicle finance lease - DHR 646 EC	13	2009/04/03	116,749	-	11,793	28,921	99,621	104,130	-
Vehicle finance lease - DHD 725 EC	14	2009/02/24	121,260	-	4,500	29,846	95,914	102,404	
			1,575,549	-	59,304	460,615	1,174,238	1,212,011	-

APPENDIX B

CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost						Accumulated Depreciation					
	Opening Balance	Additions	Under Construction	Adjustments	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	Budget Additions 2006
INFRASTRUCTURE ASSETS												
Car Park	1	-	-		-	1	1	-	-	1	-	-
Total Infrastructure Assets	1	-	-		-	1	1	-	-	1	-	-
COMMUNITY ASSETS												
Buildings:												
Ambulance Stations	3	-	-		-	3	-	-	-	-	3	-
Beach Developments	1	-	-		-	1	-	-	-	-	1	-
Clinics/Hospitals	-	-	-		-	-	-	-	-	-	-	-
Game Reserves / Rest Camps	14	-	-		-	14	-	-	-	-	14	-
	18	-	-		-	18	-	-	-	-	18	-
Recreational Facilities:												
Outdoor Sport Facilities	1	-	-		-	1	1	-	-	1	-	-
	1	-	-		-	1	1	-	-	1	-	-
Total Community Assets	19	-	-		-	19	1	-	-	1	18	-
OTHER ASSETS												
Buildings:												
Caravan Parks	3	-	-		-	3	-	-	-	-	3	-
Housing Schemes	1	-	-		-	1	-	-	-	-	1	-
Office Building	2,131,003	-	-		-	2,131,003	2,131,000	-	-	2,131,000	3	10,000,000
Training Centres	1	-	-		-	1	-	-	-	-	1	-
Workshops / Depots	15	-	-		-	15	-	-	-	-	15	-
Land And Unused Buildings	16,027	-	-	-	-	16,027	27	-	-	27	16,000	-
Miscellaneous	9	-	-		-	9	-	-	-	-	9	-
	2,147,059	-	-	-	-	2,147,059	2,131,027	-	-	2,131,027	16,032	10,000,000
Office Equipment:												
Computer Hardware	3,905,373	332,587	-	(6,201)	45,294	4,186,465	2,746,224	363,271	24,679	3,084,816	1,101,648	671,400
Office Machines	1,238,877	118,352	-	(1,000)	598	1,355,631	1,139,999	57,055	52	1,197,002	158,629	125,500
	5,144,250	450,940	-	(7,201)	45,892	5,542,097	3,886,223	420,326	24,731	4,281,818	1,260,278	796,900

APPENDIX B (continued)
CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost						Accumulated Depreciation					
	Opening Balance	Additions	Under Construction	Adjustments	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	Budget Additions 2005
Plant And Equipment:												
Laboratory Equipment	5,000	-	-		-	5,000	5,000	-	-	5,000	-	-
Telecommunication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Radio Equipment	1,164,850	-	-		-	1,164,850	1,164,850	-	-	1,164,850	-	-
Firearms	1,500	-	-		-	1,500	1,500	-	-	1,500	-	-
General	69,096	-	-	-	-	69,096	40,289	4,297	-	44,586	24,510	-
	1,240,446	-	-	-	-	**1,240,446**	**1,211,639**	**4,297**	-	**1,215,936**	**24,510**	-
Furniture And Fittings:												
Chairs	332,386	31,164	-	31,820	-	395,370	339,335	6,142	-	345,477	49,893	44,800
Tables / Desks	219,169	35,222	-	20,765	-	275,156	224,675	4,739	-	229,414	45,742	65,700
Cabinets / Cupboards	231,398	43,716	-	21,240	-	296,354	237,325	1,645	-	238,970	57,384	57,000
Miscellaneous	278,768	27,013	-	12,296	-	318,077	265,357	5,562	-	270,919	47,158	50,000
	1,061,721	**137,116**	-	**86,121**	-	**1,284,958**	**1,066,692**	**18,088**	-	**1,084,780**	**200,178**	**217,500**
Motor Vehicles:												
Motor Vehicles	1,741,069	477,411	-	55,679	114,404	2,159,755	323,950	296,827	21,502	599,273	1,560,482	-
Trucks / Bakkies	987,907	-	-	(77,631)	-	910,276	181,458	177,436	-	358,894	551,382	-
	2,728,976	**477,411**		**(21,952)**	**114,404**	**3,070,032**	**505,408**	**474,263**	**21,502**	**958,167**	**2,111,865**	-
Bins And Containers:												
Bulk Containers	10,821	-	-		-	10,821		-	-	10,821	-	-
	10,821	-	-	-	-	**10,821**	**10,821**	-	-	**10,821**	-	-
Emergency Equipment:												
Fire	20,000	11,272	-	-	-	31,272	20,000	543	-	20,543	10,729	-
	20,000	**11,272**	-	-	-	**31,272**	**20,000**	**543**	-	**20,543**	**10,729**	-
Total Other Assets	**12,353,273**	**1,076,738**	-	**56,968**	**160,296**	**13,326,683**	**8,831,810**	**917,517**	**46,233**	**9,703,092**	**3,623,590**	**11,014,400**
Reitbron	2,587,506	146,211	-		-	2,733,717	742,327	39,856	-	782,183	1,951,534	-
District Management Area	641,691		-	13,816	-	655,507	520,431	32,673	-	553,104	102,403	-
	3,229,197	**146,211**	-	**13,816**	-	**3,389,224**	**1,262,758**	**72,529**	-	**1,335,287**	**2,053,937**	-
TOTAL	**15,582,490**	**1,222,949**	-	**70,784**	**160,296**	**16,715,927**	**10,094,570**	**990,046**	**46,233**	**11,038,381**	**5,677,545**	**11,014,400**

APPENDIX C
CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2006

	OPENING BALANCE	ADDITIONS	ADJUSTMENS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE
EXECUTIVE AND COUNCIL										
Council's Expenses	155,695	1,512	(500)	-	156,707	154,306	1,101		155,407	1,300
Office Of The Mayor	560,734	488,175	2,410	21,156	1,030,163	315,146	88,717	9,954	393,909	636,254
Office Of The Municipal Manager	181,016	26,626	105,101	-	312,743	179,879	15,070		194,949	117,794
Health Management	412,694	-	4,822	-	417,516	214,369	55,578		269,947	147,569
Directorate : Infrastructure	221,378	38,148	16,593	-	276,119	190,500	18,325		208,825	67,294
Directorate : Finance & Administration	272,420	-	(600)	-	271,820	232,930	12,008		244,937	26,883
	1,803,937	**554,461**	**127,826**	**21,156**	**2,465,068**	**1,287,130**	**190,799**	**9,954**	**1,467,974**	**997,093**
FINANCE AND ADMINISTRATION										
Finance	282,960	49,101	(12,020)		320,041	200,698	26,745		227,441	92,600
Human Resources	184,102	45,558	-		229,660	134,649	18,841		153,490	76,170
Information Technology	2,231,165	181,990	(400)		2,412,755	1,789,788	129,891		1,919,679	493,076
Property Services	2,275,860	-	-		2,275,860	2,259,622	162		2,259,784	16,076
Other Administration	1,954,293	16,316	(93,014)		1,877,595	874,951	228,057		1,103,008	774,587
	6,928,380	**292,965**	**(105,434)**	**-**	**7,115,911**	**5,259,707**	**403,696**	**-**	**5,663,401**	**1,452,510**
PLANNING AND DEVELOPMENT										
Development Facilitation	631,306	79,583	(27,177)		683,712	323,147	81,755		404,902	278,810
	631,306	**79,583**	**(27,177)**	**-**	**683,712**	**323,147**	**81,755**	**-**	**404,902**	**278,810**
HEALTH										
Other	233,583	50,342	26,525	114,404	196,046	45,701	35,650	21,502	59,849	136,197
	233,583	**50,342**	**26,525**	**114,404**	**196,046**	**45,701**	**35,650**	**21,502**	**59,849**	**136,197**
HOUSING										
Housing Services	101,706	10,382	33,028		145,116	108,602	10,457		119,059	26,057
	101,706	**10,382**	**33,028**	**-**	**145,116**	**108,602**	**10,457**	**-**	**119,059**	**26,057**
PUBLIC SAFETY										
Disaster Management	2,456,861	76,798	-	24,736	2,508,923	1,657,780	180,193	14,777	1,823,196	685,727
	2,456,861	**76,798**	**-**	**24,736**	**2,508,923**	**1,657,780**	**180,193**	**14,777**	**1,823,196**	**685,727**
ROAD TRANSPORT										
Roads	43,543	-		-	43,543	31,208	4,716	-	35,924	7,619
	43,543	**-**		**-**	**43,543**	**31,208**	**4,716**	**-**	**35,924**	**7,619**
WATER										
Water Distribution	65,320	-	1,000	0	66,320	60,993	2,443	-	63,436	2,884
	65,320	**-**	**1,000**	**-**	**66,320**	**60,993**	**2,443**	**-**	**63,436**	**2,884**
OTHER										
Tourism	-	-		-	-		-	-	-	-
Other	88,657	12,207	1,200	-	102,064	57,544	7,808	-	65,352	36,712
	88,657	**12,207**	**1,200**	**-**	**102,064**	**57,544**	**7,808**	**-**	**65,352**	**36,712**
Reitbron	2,587,506	146,211	-	-	2,733,717	742,327	39,856	-	782,183	1,951,534
District Management Area	641,691	-	13,816	-	655,507	520,431	32,673	-	553,104	102,403
	3,229,197	**146,211**	**13,816**	**-**	**3,389,224**	**1,262,758**	**72,529**	**-**	**1,335,287**	**2,053,937**
TOTALS	**15,582,490**	**1,222,949**	**70,784**	**160,296**	**16,715,927**	**10,094,570**	**990,046**	**46,233**	**11,038,381**	**5,677,545**

APPENDIX D
CACADU DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R
20,297,439	12,651,026	7,646,413	Executive and Council	20,216,470	16,430,513	3,785,957
34,190,644	12,584,438	21,606,206	Finance and Administration	36,166,659	19,128,117	17,038,541
4,066,509	1,503,527	2,562,982	Planning and Development	9,847,089	9,752,742	94,347
570,047	3,466,830	(2,896,783)	Health	9,138,416	10,375,648	(1,237,232)
-	-	-	Community and Social services	772,566	883,232	(110,667)
-	8,317,808	(8,317,808)	Housing	23,626,092	23,791,449	(165,357)
1,014,253	2,151,771	(1,137,518)	Public safety	3,855,585	5,584,642	(1,729,057)
-	-	-	Sport and Recreation	1,249,667	1,249,667	-
-	-	-	Environment Protection	-	-	-
-	-	-	Waste Management	71,143	7,256	63,887
-	-	-	Waste Water Management	11,782,616	11,782,616	-
-	716,008	(716,008)	Road Transport	3,252,905	4,570,549	(1,317,643)
652,896	477,529	175,368	Water	16,637,557	16,871,264	(233,707)
-	-	-	Electricity	380,570	386,512	(5,942)
2,835,263	7,542,519	(4,707,256)	Other	8,019,110	12,099,459	(4,080,350)
1,027,838	1,027,838	-	Rietbron	-	-	-
1,393,964	1,393,964	-	District Management Area	-	-	-
755,000	374,880	380,120	PIMS	-	-	-
66,803,854	52,208,138	14,595,716	Sub Total	145,016,445	132,913,667	12,102,779
-	(127,051)	127,051	Less Inter-Departmental charges	-	(1,850,414)	1,850,414
66,803,854	**52,081,087**	**14,722,767**	**TOTAL**	**145,016,445**	**131,063,253**	**13,953,193**

APPENDIX E(1)
CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	Actual 2006	Budget 2006	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
REVENUE					
Regional Services Levy- Turnover	19,630,711	19,200,000	(430,711)	2	-
Regional Services Levy- Remuneration	11,787,254	10,800,000	(987,254)	9	-
Rental	734,275	871,000	136,725	-16	Algoa House not occupied as envisaged in budget
Investment Interest	13,421,124	10,350,000	(3,071,124)	30	Reserves higher than expected during the year
Other Interest	574,610	350,400	(224,210)	64	Interest in outstanding levy debt higher than expected
Income for agency services	90,892	80,000	(10,892)	14	Higher than expected income for IT Bureau and payroll services
Government grants and subsidies	89,346,338	94,768,617	5,422,279	-6	-
Tariffs and Charges	153,503	87,100	(66,403)	76	Service fee collections lower than expected
Property Rates	27,168	30,000	2,832	-9	-
Other income	9,250,572	19,396,862	10,146,290	-52	Contribution from a surplus not utilitised and budgeted contributions from creditor funds not utilised
Gains on disposal of property, plant and equipment	-	-	-	-	
Sub- Total	145,016,445	155,933,979	10,917,534	-7	
Recovered from Grants and subsidies i.r.o expenditure	-	-	-		
Total Income	**145,016,445**	**155,933,979**	**10,917,534**		
EXPENDITURE					
Employee related costs	23,174,333	26,835,600	3,661,267	-14	Vacant positions
Remuneration of Councillors	2,686,994	2,883,100	196,106	-7	-
Collection costs	1,316,223	1,400,000	83,777	-6	-
Depreciation	990,046	478,300	(511,746)	107	Under budgeted
Repairs and maintenance	2,678,539	4,717,600	2,039,061	-43	Repairs to office buildings lower than expected
Interest on External Borrowings	149,126	-	(149,126)	100	Not budgeted for - vehicle leases
Contracted services	2,673,135	3,176,000	502,865	-16	Savings
Grants and Subsidies paid	70,417,655	82,070,017	11,652,362	-14	Slow expenditure on projects
General expenses-other	26,540,266	34,974,162	8,433,896	-24	Savings
Contributions to provisions	2,528,786	-	(2,528,786)	100	Not budgeted for
Loss on disposal of property, plant and equipment	28,461	-	(28,461)	100	Not budgeted for
Cross subsidisation	38,731	1,456,300	1,417,569	-97	Lower than expected contribution required
Interdepartmental Charges	(1,850,414)	(2,057,100)	(206,686)	-10	
Sub- Total	131,371,880	155,933,979	24,562,099	-16	
General expenses-Conditional Grants	-	-	-		
Total Expenditure	**131,371,880**	**155,933,979**	**24,562,099**		
NET SURPLUS/(DEFICIT) FOR THE YEAR	**13,644,566**	-	**(13,644,566)**		

APPENDIX E(2)

CACADU DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual R	2006 Under Construction R	2006 Total Additions R	2006 Budget R	2006 Variance R	2006 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
COMMUNITY ASSETS							
Buildings:							
Clinics/Hospitals	-	-	-	-	-	-	
Total Community Assets							
OTHER ASSETS							
Buildings:							
Office Building	87,657	-	87,657	10,000,000	9,912,343	(99)	Still in planning phase of the office building project.
Land And Unused Buildings	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	
Office Equipment:	-						
Computer Hardware	347,568	-	347,568	671,400	323,832	(48)	Proposed computers replacements no longer requiered.
Office Machines	121,201	-	121,201	125,500	4,299	(3)	
Plant And Equipment:	-						
Telecommunication Equipment	-	-	-	-	-	100	
General	-	-	-	-	-	100	
Furniture And Fittings:	-						
Chairs	42,964	-	42,964	44,800	1,836	(4)	
Tables / Desks	46,911	-	46,911	65,700	18,789	(29)	Budgetary provision over stated.
Cabinets / Cupboards	55,556	-	55,556	57,000	1,444	(3)	
Miscellaneous	43,681	-	43,681	50,000	6,319	(13)	Disaster equipment not purchased.
Motor Vehicles:	-						
Motor Vehicles	477,411	-	477,411	-	(477,411)	100	Subsequint budget adjustment approved.
Trucks / Bakkies	-	-	-	-	-	100	
TOTAL	**1,222,949**	-	**1,222,949**	**11,014,400**	**9,791,451**		

CACADU DISTRICT MUNICIPALITY
APPENDIX F
CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2005	CONTRIBUTIONS/ ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2006
GOAT FARMING IN IKWEZI	-	-	100,000	-	-	-	-	100,000
DROUGHT RELIEF	-	-	1,345,590	-	6,416	-	-	1,339,174
LIBRARIES - LOCAL MUNCIPALITIES	-	-	450,000	-	353,194	-	-	96,806
MAYOR'S SPECIAL PROJECTS	105,105	-	108	6,292	63,382	-	-	48,123
DISASTER MANAGEMENT	3,785,248	-	2,500,000	261,605	3,070,893	59,567	-	3,416,393
COMMUNITY DEVELOPMENT WORKERS PROGRAM	90,219	-	745,449	4,974	840,642	-	-	-
FINANCE MANAGEMENT GRANT	2,156,154	-	1,000,000	-	871,241	259,296	(198,549)	2,224,166
HIV/AIDS ATICCS	576,385	-	-	-	311,000	-	-	265,385
HIV/AIDS NGO/CBO CAPACITY BUILDING	63,022	-	-	-	-	-	-	63,022
HIV/AIDS DISTRICT AIDS COUNCIL	23,955	-	-	-	9,979	-	-	13,976
HIV/AIDS LABORATORY SERVICES	12,718	-	-	-	-	-	-	12,718
STIPENDS TO VOLUNTEERS	1,102,704	-	-	-	1,102,704	-	-	-
HIV/AIDS NGO FUNDING	520,375	-	-	-	505,884	-	-	14,491
HIV/AIDS MEDICATIONS	3,468,043	-	-	-	1,779,604	-	-	1,688,439
HIV/AIDS LSA ACTIVITIES	2,271,671	-	-	-	1,575,394	-	-	696,277
HIV/AIDS HOME BASED CARE KIT	15,144	-	-	-	-	-	-	15,144
HIV/AIDS HOME BASED CARE KIT TOP	53,462	-	-	-	53,189	-	-	273
IKWEZI LIBRARY	-	-	247,000	-	137,248	-	-	109,752
MUNICIPAL SYSTEM IMPROVEMENT GRANT	5,550,097	-	1,000,000	295,785	4,398,968	2,449	-	2,444,465
IDP SUPPORT GRANT FOR LM'S AND DM'S	1,150,112	-	1,296,333	126,844	9,211	-	-	2,564,078
RESTRUCTURING GRANT	32,797,400	-	-	-	6,089,243	-	-	26,708,157
SPORTSFIELD - STEYTLERVILLE	-	-	1,000,000	-	-	-	-	1,000,000
AMBULANCE SUBSIDY	2,115,075	-	171,347	153,216	565,010	-	-	1,874,628
SPATIAL DEVELOPMENT FRAMEWORK	-	-	150,000	-	86,334	-	-	63,666
IDP/LDO	393,941	-	-	28,561	-	-	-	422,502
ECSECC	-	-	75,000	-	-	-	-	75,000
INTER-GOVERNMENTAL RELATIONS	246,986	-	-	14,225	103,541	-	-	157,670
LONGMORE FLOWER TRAIL	-	-	800,000	-	760,000	-	-	40,000
ENON	17,202	-	-	1,247	-	-	-	18,449
HOUSING PROJECTS	1,837,405	-	6,171,397	-	4,638,894	-	1,757,165	1,612,743
HONEYBUSH TEA	125,695	-	-	9,113	-	-	-	134,808
PEOPLES HOUSING PROJECT	8,020,551	-	4,681,671	540,507	5,467,821	-	-	7,774,908
RURAL ACCESS ROADS	94,893	-	-	6,880	-	-	-	101,773
TOURISM PLANS - DEAT	-	-	240,000	-	-	-	-	240,000
MULTI PURPOSE COMMUNITY CENTRE	31,787	-	-	2,305	-	-	-	34,092
ECON GROWTH AND DEVELOPMENT STRATEGY - DFID	-	-	300,000	-	54,100	-	-	245,900
THORNHAM - WATER SUPPLY	115,174	-	-	7,068	36,052	-	-	86,190
MUNICIPAL SUPPORT GRANT - LED	-	-	1,000,000	-	-	-	-	1,000,000
YOUTH CENTRE - SOMERSET EAST	228,085	-	-	16,536	-	-	-	244,621
CDM SPATIAL DATABASE - DBSA	-	-	1,267,094	-	1,267,094	-	-	-
IKWEZI YOUTH DEVELOPMENT	508,032	-	-	31,863	295,738	-	-	244,157
IKWEZI MSP	45,101	-	-	-	45,101	-	-	-
IKWEZI - HARDWOOD FARM	1,534,740	-	-	105,768	475,568	-	-	1,164,940
IKWEZI FINANCIAL AID	70,834	-	-	5,136	-	-	-	75,970
NDLAMBE - DISABLE SPECIAL PROJECTS	-	-	102,168	-	-	-	-	102,168
PASSENGER TRANSPORT PLANS AND FACILITIES	3,070,897	-	2,078,000	180,296	2,939,701	-	-	2,389,492

CACADU DISTRICT MUNICIPALITY
APPENDIX F
CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2005	CONTRIBUTIONS/ ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2006
ELECTION EXPENSES	-	-	186,400	-	80,646	-	-	105,754
PLANNING AND RUDIMENTARY SERVICES	394,805	-	-	28,623	-	-	-	423,428
PILOT HOUSING PROJECT - ADDO	848,745	-	-	61,484	251,988	-	-	658,241
PILOT HOUSING PROJECT THORNHILL	22,671	-	-	1,644	-	-	-	24,315
DISTRICT WIDE PROJECTS - EX TRC FUNDS	-	-	-	-	5,700	-	(391,362)	385,662
ALBANY TRC	337,682	-	-	-	233,130	-	104,552	-
GRANT DBSA KLIPPLAAT	314,336	-	350,000	-	664,336	-	-	-
ALEXANDRIA TRC	-	-	-	-	-	-	-	-
DEPARTMENT AGRICULTURE - DEV SPATIAL	-	-	400,000	27,500	-	-	-	427,500
HANKEY TRC	66,966	-	-	-	-	-	66,966	-
TOWN PLANNING SERVICES	17,278	-	-	-	17,278	-	-	-
KIRKWOOD TRC - ADDO (I.D.P.)	91,076	-	-	6,603	-	-	-	97,679
UITENHAGE TRC	354,604	-	-	-	-	-	354,604	-
WILLOWMORE TRC	193,656	-	-	-	193,656	-	-	-
MULTIANNUAL ACTION PLANS - MAAP	7,100,982	-	4,558,357	1,016,235	3,096,717	-	-	9,578,857
MIG	13,144,697	-	13,790,273	-	17,745,703	-	339,651	8,849,616
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	15,241	-	43,146	1,918	166,680	-	(134,759)	28,384
MUNICIPAL INFRASTRUCTURE	237,163	-	-	-	-	-	237,163	-
PUBLIC WORKS PROJECTS	1,293,946	-	-	-	221,061	-	-	1,072,885
DISABILITY EMPOWERMENT PROGRAM	24,313	-	-	1,763	-	-	-	26,076
DWAF PURCHASE OF A NEW COMPUTOR	27,226	-	-	1,974	-	28,067	-	1,133
KABELJOUS RIVER INTEGRATED DEV PLAN	205,972	-	784,732	-	990,704	-	-	-
BUILDING FOR SPORT AND RECREATION .	1,774,222	-	170,000	105,670	832,092	-	-	1,217,800
TOTAL	**98,663,793**	-	**47,004,065**	**3,051,635**	**62,412,837**	**349,379**	**2,135,431**	**83,821,846**

APPENDIX F1

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMAS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of Organ of state or Muncipal Entity	QUARTERLY RECEIPTS				QUARTERLY EXPENDITURE				GRANTS AND SUBSIDIES DELAYED/WITHHELD				Reason for delay/ withholding funds	Comply to DORA Yes/No	Reason for non-compliance
		SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE			
ALBANY TRC	Provincial Government						233,130									
AMBULANCE SUBSIDY	Provincial Government				171,347				565,010							
BUILDING FOR SPORT AND RECREATI	National Government			170,000		191,994	570,682	69,416								
CDM SPATIAL DATA BASE - DBSA	Other				1,267,094				1,267,094							
MIG	National Government	1,555,105	6,602,901	5,632,266		3,732,680	4,888,624	6,059,177	3,065,223							
COMMUNITY DEVELOPMENT WORKERS	National Government		217,627	527,822		143,897	5,741	585,947	105,257							
DEPT AGRICULTURE; DEV OF A SPAC	National Government	400,000														
DEPT SPORT, RECREATION ART	National Government		43,146				46,948	118,318	1,414							
DISASTER MANAGEMENT	Provincial Government		2,500,000			4,462	477,586	2,306,449	341,962							
DISTRICT WIDE PROJECTS EX TRC	Provincial Government								5,700							
DROUGHT RELIEF - CDM	Provincial Government - 3 rd party			1,345,590					6,416							
DWAF - PURCHASE OF NEW COMPUTER	National Government								28,067							
E C S E C C	Other		75,000													
ECON GROWTH & DEV STRAT	Provincial Government		300,000						54,100							
ELECTION EXPENSES	Provincial Government - 3 rd party			186,400					80,646							
ENON	Provincial Government															
FINANCE MANAGEMENT GRANT	National Government	1,000,000						154,884	975,653							
GOAT FARMING AT IKHWEZI LOCAL	Provincial Government - 3 rd party			100,000												
GRANT DBSA - DISTRICT WIDE LAND	Other															
GRANT DBSA - KLIPPLAAT DISASTER	Other	350,000					664,336									
HIV/AIDS ATTICCS	Provincial Government								311,000							
HIV/AIDS DISTRICT AIDS COUNCIL	Provincial Government							2,320	7,659							
HIV/AIDS HOME BASED CARE KIT	Provincial Government															
HIV/AIDS HOME BASED KIT TOP UP	Provincial Government							53,189								
HIV/AIDS LABORATORY SERVICES	Provincial Government															
HIV/AIDS LSA ACTIVITIES	Provincial Government							1,166,429	408,965							
HIV/AIDS MEDICATION	Provincial Government							1,333,382	446,221							
HIV/AIDS NGO FUNDING	Provincial Government								505,884							
HIV/AIDS NGO/CBO CAPACITY BUILDING	Provincial Government															
HIV/AIDS PAYMENT OF STIPENDS	Provincial Government								1,102,704							
HONEYBUSH TEA	Provincial Government															
HOUSING PROJECTS	Provincial Government		5,145,305	821,200	204,892	990,678	1,356,122	776,123	1,515,971							
IDP - CACADU	Provincial Government															
IDP / LDO	Provincial Government															
IDP 'SPACIAL DEV FRAMEWORK	Provincial Government		150,000						86,334							
IDP SUPPORT GRANT FOR LM	Provincial Government - 3 rd party			1,296,333					9,211							
IKWEZI FINANCIAL AID	Provincial Government - 3 rd party															
IKWEZI HARDWOOD FARM	Provincial Government - 3 rd party							152,906	322,662							
IKWEZI LIBRARY	Provincial Government - 3 rd party	247,000						137,248								
IKWEZI MSP	Provincial Government - 3 rd party								45,101							
IKWEZI YOUTH DEVELOPMENT	Provincial Government - 3 rd party							138,897	156,840							
INTER-GOVERNMENTAL RELATIONS	National Government					29,916	73,652									
KABELJOUS RIVER INTERGRATED DEV	Other		784,732			71,254	140,396	312,365	466,689							
KIRKWOOD TRC- IDP	Other															
LIBRARIES - LOCAL MUNICIPAL	Provincial Government		450,000					36,120	317,074							
LONGMORE FLOWER TRAIL	Provincial Government		800,000				760,000									
MAYOR'S SPECIAL PROJECTS	Other			108			14,096		49,286							
MULTI PURPOSE COMMUNITY CENTRE	Provincial Government															
MULTIANNUAL ACTION PLANS	National Government				2,389,894	371,313	464,387	209,565	2,051,452							
MUNICIPAL INFRASTRUCTURE	National Government															
MUNICIPAL SUPPORT GRANT (LED	Provincial Government			1,000,000												
MUNICIPAL SYSTEM IMPROVEMENT	National Government		500,000	500,000				2,077,763	2,323,654							
NDLAMBE DISABLED-SPECIA	Provincial Government - 3 rd party		102,168													
PASSENGER TRANSPORT PLANS	Provincial Government			1,700,000	378,000	1,014,524	899,144	840,867	185,167							
PEOPLE HOUSING PROJECTS	Provincial Government	318,132	1,557,892	2,366,885	438,762	2,419,534	1,510,815	1,250,911	286,560							
PILOT HOUSING PROJECT - ADDO	Provincial Government								251,988							
PILOT HOUSING PROJECT -THORNHILL	Provincial Government															
PLANNING AND RUDIMENTARY SERV	Provincial Government															
PUBLIC WORKS	Provincial Government							221,061								
RESTRUCTURING GRANT	National Government					3,457,184	381,060	1,837,981	413,018							
RURAL ACCESS ROADS	Provincial Government															
SPORT FIELDS STEYTLERVILLE	National Government - 3 rd party			1,000,000												
THORNHAM	Provincial Government							36,052								
TOURISM PLANS - DEAT	National Government		240,000													
TOWN PLANNING	Provincial Government							17,278								
UITENHAGE TRC	Provincial Government															
WILLOWMORE TRC	Provincial Government						193,656									
YOUTH CENTRE SOMERSET EAST	Provincial Government															
		3,870,237	19,468,771	16,646,605	4,849,989	12,427,436	12,680,375	19,894,648	17,759,981							

APPENDIX G

CACADU DISTRICT MUNICIPALITY: SCHEDULE OF OPERATING COMMITMENTS AS AT 30 JUNE 2006

Supplier	Serial No	Start Date	End Date	Period	Monthly	1 year	2- 5 years
PHOTASTAT MACHINES							
Gestetner	J70403000001	2004/09/01	2009/08/01	60	5630.15	67,562	146,384
The Rental Co.	21732779	2004/07/01	2009/06/01	60	1176.14	16,231	40,130
The Rental Co.	21705382	2004/07/01	2009/06/01	60	1176.02	16,229	40,126
Minolco	21719470	2004/07/01	2009/06/01	60	1003	13,240	30,583
Minolco	2140948	2000/02/01		60	1301.94	15,623	-
Panasonic	CDP3CF00038	2004/05/01	2009/04/01	60	745	8,940	16,390
Panasonic	CDP3CF00039	2004/05/01	2009/04/01	60	745	8,940	16,390
Panasonic	CCG28A00009	2004/01/01	2006/12/01	36	1590.57	10,975	-
Panasonic	DCP2JC00023	2003/07/01	2008/06/01	60	1690.46	23,328	26,828
Sharp Electronics	45018742	2004/05/01	2009/05/01	60	666	7,992	15,318
Sharp Electronics	45053293	2004/05/01	2009/05/01	60	666	7,992	15,318
FACSIMILE MACHINES							
Minolco	275	2005/07/01	2010/06/30	60	64.58	775	2,325
Sharp Electronics	3G107140	2004/01/01	2006/01/01	24	376.91	-	-
Sharp Electronics	47003555	2005/07/01	2008/06/30	36	376.9	4,613	-
Sharp Electronics	8100962	2005/07/01	2008/06/30	36	191.19	2,352	-
Sharp Electronics	7100249	2005/07/01	2010/06/30	60	125.31	1,504	4,511
Total						206,296	354,303

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS TO THE COUNCIL OF THE CACADU DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages1 to 28, for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126(3) of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 1512 of 2006*, issued in *Government Gazette* no. *29326* of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The municipality is required to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1 to the financial statements.

4. QUALIFICATION

4.1 Non-compliance with Financial Statement Preparation Framework

The municipality must prepare financial statements in accordance with the basis of accounting determined by the National Treasury, as described in paragraph 3 above. The basis of preparation disclosed in the accounting policies of the Annual Financial Statements indicates that the municipality did not comply with accounting standards which are outside the ambit of the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP). This is in contravention of GRAP 3 which requires that the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, be applied for the recognition and measurement of all transactions that do not fall within the scope of GAMAP and

GRAP. Due to inadequate monitoring and control over the The following deviations from the required basis of preparation were identified:

a) The annual financial statements are not presented in the format prescribed in the Appendix to GRAP 1.

b) The accounting policy for revenue does not comply with the requirements of GAMAP 9. In terms of paragraph 37, revenue for service charges should be recognised when it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. Based on this requirement, the revenue for June 2006 service charges should be recognised irrespective of whether such charges have been invoiced at 30 June 2006. Accounts receivable is therefore understated by the June 2006 service charges. Accordingly, revenue is understated by the June 2006 service charges and overstated by the June 2005 service charges. The total misstatement is not known; consequently the completeness of service charges of R137 654 as disclosed in note 17 of the financial statements could not be verified.

c) The accounting policy for the revaluation of land and buildings as per the financial statements complies with paragraph 41 of GAMAP 17. Based on this accounting policy, the land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent impairment losses. As per note 10 to the financial statements, this policy is not consistently applied as only four buildings are stated at fair value. The remainder of the buildings is stated at a nominal value of R1. The remainder of the buildings has not been revalued and it is thus not possible to determine the extent of the understatement on the total land and buildings.

d) The accounting policy for property, plant and equipment does not comply with the requirements of GAMAP 17. In terms of paragraph 59 the useful life of an item of property, plant and equipment should be reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods should be adjusted. In terms of paragraph 66 the carrying amount of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. No such periodically reviews have taken place for the financial year under review. The total misstatement is not known.

e) The accounting policy for property, plant and equipment does not comply with the requirements of GAMAP 19. In terms of paragraph 53 where the effect of time value of money is material, the amount of a provision should be the present value of the expenditure expected to be required to settle the obligation. As the municipality did not discount the creditors, the effect of the time value of money relating to the creditors' balance of R21 155 460 could not be determined.

f) The accounting policy for inventory complies with paragraph 7 of GAMAP 12, and refers to valuation of inventories. As per note 13 to the financial statements, the district municipality does not hold inventories.

g) Financial Instruments: The category of the financial assets held by the council is not disclosed in the financial statements, as required in terms of paragraph 9 of IAS 39. Loans and receivables are not measured at amortised cost, as required in paragraph 46 of IAS 39.

h) The full value of leave accrued by staff at year end had been determined and recorded as a provision amounting to R1 193 291 (2005: R256 910) in the financial statements, which is consistent with accounting policy number 8.1.3 as disclosed in the financial statements. According to paragraph 15(b) of GAMAP 19, this should be accounted for as an accrual and not a provision.

i) Note 11 to the financial statements indicates that the council has a 50% share in unlisted investments. This shareholding relates to the council's role in the establishment of the Kouga Development Agency (KDA).

The KDA is a municipal entity as contemplated by section 87 of Local Government: Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003). It was subsequently established as a multi –jurisdictional service utility in terms of section 84 of the MFMA.

The Cacadu District Municipality (CDM) has no financial obligation towards the establishment of KDA. The CDM did not invest any amount in KDA, and thus have no share or right to its equity but, as parent municipality, have certain responsibilities in terms of administration and financial reporting of the municipal entity. .

j) Accounting policy number 4 in the financial statements (Property, Plant and Equipment) indicates the bases to be used for the various types of assets. Not all such assets listed are currently owned by the council.

4.2 Levy income

Due to the inherent uncertainties that exist regarding the completeness of registered levy payers and the integrity of the financial information submitted by the levy payers on a self-assessment basis, adequate and relevant audit evidence to support the completeness and accuracy of the base for levy income could not be obtained.

4.3 Fruitless and wasteful expenditure

Due to inadequate monitoring by the building contractors, expenditure amounting to R6 196 628 million in respect of the Paterson housing project is considered to be fruitless and wasteful expenditure in terms of section 1 of the Municipal Finance Management Act, No.56 of 2003 (MFMA). The Minister of Housing, Local Government and Traditional Affairs instructed council on 9 June 2006 to address the problem of inferior quality houses built under the project. Twenty-three (23) houses are to be demolished and the remaining hundred and seventy-seven (177) houses must be rehabilitated to an acceptable standard.

Cognisance is taken off the possibility that the Department of Housing will assist financially with the rehabilitation and reconstruction of these houses.

5. DISCLAIMER OF AUDIT OPINION

In my opinion, because of the significance of the matters described in the preceding paragraph and the uncertainty on the effect thereof on the financial statements, I do not express an opinion on the financial statements.

6. EMPHASIS OF MATTER

Without further qualifying the above opinion, attention is drawn to the following matters:

6.1 Delivery of planned infrastructure projects

Due to inadequate monitoring and control, there is a significant variance between the planned and actual activities regarding infrastructure projects. This variance indicates inadequate service delivery during the financial year ended 30 June 2006. The unspent balance at 30 June 2006 amounted to R13,35m (2005: R19,45m).

6.2 Fruitless and wasteful expenditure

Paragraph 62(1)(d) of the MFMA requires the accounting officer to take all reasonable steps to ensure that fruitless and wasteful expenditure is prevented. Due to a lack of independent checks, the Value Added Taxation payable to the South African Revenue Services (SARS) was incorrectly calculated and interest amounting to R23 632 was incurred.

6.3 Internal Control Weaknesses

In terms of section 62(1)(c)(i) of the MFMA, the municipality's accounting officer must ensure that the municipality has and continues to maintain effective, efficient and transparent systems of financial and risk management and internal control. The following are areas of significant non-compliance and/or internal control weaknesses that were identified during the course of the audit:

- Employee costs
- Expenditure
- Budget monitoring
- Payables
- Property, plant and equipment
- Value Added Taxation
- Computerised Information System environment

These internal control weaknesses could contribute to an environment which is conducive to fraud and error.

6.4 Material Financial Statement Adjustments

Due to the lack of monitoring and independent checks by management the financial statements did not comply with the requirements of the preparation guide sent out by National Treasury and, as a result, material changes were made to the financial statements.

6.5 Performance measures

An audit on the municipality's performance measurement according to section 46(1) of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) was conducted and is reported on separately.

7. APPRECIATION

The assistance rendered by the staff of Cacadu District Municipality during the audit is sincerely appreciated.

SN Ngqwala
for Auditor-General

East London

30 November 2006

AUDITOR-GENERAL

ADDENDUM TO THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS TO THE COUNCIL OF THE CACADU DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006

Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- *General Notice* 991 of 2005, issued in *Government Gazette* no. 28095 of 7 December 2005; and
- *General Notice* 992 of 2005, issued in *Government Gazette* no. 28095 of 15 December 2005.

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

RESPONSE TO REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

INTRODUCTION

The audit of the Cacadu District Municipality for the year ended 30 June 2006 was completed and the report received from the Auditor General on 20 December 2006, three weeks after the agreed upon date.

It is important to explain the circumstances and to provide information about recent events which have led to a situation where most of municipalities in SA who have prepared their financial statements under the GRAP and GAMAP basis of accounting receiving a disclaimer where the Auditor-General does not express and opinion on the financial statements.

The Cacadu District Municipality has been categorized as a medium capacity municipality which means that its financial statements must be GAMAP / GRAP compliant for the 2006/2007 financial year.

As a pilot site for the implementation of the MFMA budget and accounting reforms, it voluntarily elected in the 2003 /2004 to adopt the GRAP / GAMAP basis accounting. Since the 2003 /2004 financial year, the municipality has adopted a phased approach to the implementation of the new accounting standards. In respect of the 2003 / 2004 and 2004 / 2005 financial years which were prepared in terms of GAMAP / GRAP accounting standards, the Auditor-General was able to certify that the financial statements fairly presented the financial position of the municipality.

It was only on 9 November 2006 at an Audit Steering Committee meeting that the municipality became aware of the Government Gazette dated 27 October 2006 dealing with Auditing of Local Government in terms of the Municipal Finance Management Act. In the Gazette the Auditor-General gives notice of the approach to be adopted in respect of the 2005 / 2006 financial year.

The CDM and most other municipalities who had completed their financial statements by 31 August 2006 discovered that in many instances accounting policies for material transactions, events or conditions not covered by GRAP and GAMAP standard have been based on the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

At the Audit Steering Committee meeting representatives of the Auditor-General's office tabled a Technical Memorandum issued by the office of the Auditor-General dealing with the MFMA 30 June Audit cycle.

In the document the Auditor-General makes it clear that "Financial Statements prepared in accordance with the GRAP / GAMAP basis of accounting must therefore be audited against the actual standards and not against the National Treasury specimen, as the specimen is in contradiction with and does not fully comply with the accounting standards in certain instances".

It is evident that the Auditor-General is required in terms of International Standards on auditing (ISA's) to conduct his audit in such a manner as to enable him to express an opinion on whether the financial statements are prepared, in all material respects in accordance with an identified basis of accounting i.e. GRAP / GAMAP. The Auditor-General in his memorandum has stated that non-compliance with the identified basis of accounting, the method of their application or the adequacy of the financial statement disclosures must be appropriately reflected in the audit opinion in accordance with international auditing standards.

It is evident that the rigorous application of the accounting standards, some of which municipalities only became aware of after their financial statements were presented for auditing, have resulted in the CDM and most municipalities which have adopted the new accounting standards receiving an adverse audit opinion.

4. Qualification

4.1 Non-compliance with Financial Statement Preparation Framework

It is clear that the audit qualification raised in paragraph 4.1 dealing with non-compliance with Financial Statement Preparation Framework is of a very technical nature requiring high level technical accounting knowledge and skills which needs to be developed by the municipality. Below is an analysis of the individual area of non-compliance.

(a) **Non-compliance with GAAP**

Compliance with SA GAAP is an onerous undertaking that will require technical expertise and process / accounting changes. Although specific instances of non-compliance have not been noted, most of the issues would involve disclosures which can easily be rectified in the next financial period. The more complex issues would however require accounting and process changes.

(b) **GAMAP 17 – Fair Value of Land and Buildings**

It should be noted that except for the property valued, the remaining property is largely outstpans previously used as roadwork camps. These pockets of land do not have any economic value and the cost versus benefit of valuing these properties periodically would not make economic sense.

In addition, the exercise of fair valuing all assets is a complicated and time consuming task. An exercise of this nature would take at least 6 months based on the staffing currently available. An alternative would be to employ qualified valuers to perform this function. This option will however be a costly exercise and cannot be accommodated in the budget of the municipality.

(c) **GAMAP 17 – Review of the Useful life of Plant and Equipment**

The asset policy of the municipality requires department heads to immediately notify the Finance Division of any assets that have been impaired in order for the required accounting entries to be made. During the year of assessment no assets have been identified as having an impairment loss, and consequently no accelerated depreciation has been recorded.

(d) **GAMAP 19 – Effect of the Time Value of Money Relating to Creditors**

The discounting of creditors balance of R 21,2 will require certain assumptions as the bulk of the funds are that of infrastructural creditors. The future outflows on these projects are not known and would therefore have to be estimated.

(e) **GAMAP 9 – Recognition of Revenue for Service Charges**

The service charges relates to the billings in the District Management Area of Rietbron. These services include water, refuse and sanitation. The disclosed amount of R 137 654 can be substantiated by way of a reconciliation and therefore can be verified. It is noted that the figure is overstated by the June 2005 billing and understated by the June 2006 billing. The average billing per month amounts to R 11 500 and the under and overstated amounts would not have any material affect on the financial statement. It should also be noted that the billing cycle for the area is from 15 of one month to 15 of the next month. The effect of the entries would therefore only be for half of the month.

To address this issue, the billing period will be changed to match the financial period in order to simplify the recording process.

(f) **Note 32 – Disclosure of prior year errors**

The comments of the Auditor General are noted. In the next financial year the disclosure will be more detailed so as to comply with paragraph 42 of GRAP 3.

(g) **GAMAP – Accrued Leave**

The leave provision will be converted to an accrual for the 2006/2007 financial year.

(h) **Financial Instruments – Loans and Receivables are not measured at amortised Cost**

Loans are recorded at amortised cost, however the debtors book has not been discounted to take into consideration the time value of money. The future inflows on these debtors are not known and would therefore have to be estimated.

Summary

The municipality followed the key steps to ensure implementation and compliance with the new accounting standards and format of annual financial statements, as outlined in MFMA Circular 18 and compulsory disclosure of the National Treasury issued specimen annual financial statements. These guidelines were adhered to in all material respects to enable fair presentation of the annual financial statements at 30 June 2006.

In line with the MFMA, the annual financial statements were presented for audit within two months of year end. The ability of the municipality to achieve its reporting timeframes and goals is a result of methodical planning and resource prioritization over the past three years.

On 10 October 2006, the Office of the Accountant General issued a communication to municipalities instructing them to adhere to selected private sector accounting standards (South African Generally Accepted Accounting Practice - SA GAAP) for certain accounting transactions. The effective date for adherence with these standards was indicated as 30 June 2006. This communication has significant implications for local government and the issuing of audit reports for the year ended 30 June 2006.

The items of non-compliance have been measured against the mandatory standards of GRAP 1,2 & 3 and GAMAP, 4,6,7,8,9,12 &19. These issues can be easily rectified in the new reporting period.

The treatment of certain provisions, together with compliance with the compulsory disclosure of the National Treasury issued specimen annual financial statements, needs to be clarified further with National Treasury, the Accounting Standards Board and the Auditor General. National Treasury has issued specific guidance in this regard and the CDM has complied with this guidance.

In any event the municipality will undertake an internal compliance review to assess the extent to which the financial preparation framework (referred to in MFMA Circular 18) has been adhered to. Appropriate action can then be planned and implemented.

The accounting reform in the public sector has come along way, both internationally and locally, and it is acknowledged that further reforms are inevitable. The recommendations outlined in the Accountant General communication dated 10 October 2006 have merit and will certainly go a long way to enhance effective accountability and reporting of financial information.

The timing of the recent communications is inappropriate as National Treasury indicated in MFMA Circular 18 that "any new standards will be implemented in a structured manner, offering sufficient time for municipalities to comply". **The communication issued on 10 October 2006, that affects the disclosure of annual financial statements issued prior to 30 August 2006, complicated matters and made it difficult for the municipality to comply in all respects.**

Compliance with SA GAAP is an onerous undertaking that will require technical expertise and process / accounting changes. Establishing a structured plan that identifies specific action, accountability, timeframes and impact will be adopted. Once this is done, management can make informed decisions and prioritise action in this regard, taking into account available resources and affordability issues.

4.2 Levy Income

In view of the fact that RSC levies are a self assessment form of taxation, uncertainties will always exist with regard to the integrity of financial information received from levy payers. Unfortunately, the Regional Services Councils' Act 1985 (109 of 1985) does not empower the Council to verify a levy payer's financial information (levy base figures-Payroll and Turnover accounts). In terms of the RSC Act, the Minister of Finance may only empower the SARS to undertake audits of business' financial records. In this regard the SARS may enter the business premises and seize the books of account and any other information required to undertake the necessary audit. The Municipality does not have this means of verification at its disposal and therefore has to rely on the integrity of the levy payer.

The NMMM was appointed on 1 July 2001 to act as an agent for the collection of levies within the CDM's area of jurisdiction. Levy inspectorate services have also been outsourced and as a result a substantial number of unregistered levy payers have been identified. This has resulted in a substantial increase in levy income.

4.3 Fruitless and wasteful expenditure - Housing

The houses in question have been built many years ago. At the time of construction, there were no obvious defects. Over time however the structures began to crack due to the poor soil conditions. The root cause identified inadequate monitoring of housing projects as the reason for the problem. It is very unlikely that the officials involved with the projects at the time would have been able to foresee that the structures would crack. The consultants involved with the project do carry a certain amount of the responsibility and the Municipality is currently involved with litigation in this regard.

The issues surrounding RDP houses are very complex and cannot be viewed in isolation. Numerous items have also been submitted to the Council giving more insight into the challenges faced. These should be interrogated before the expenditure can be deemed fruitless.

Over the last 3 years, the controls and procedures relating to housing projects have been greatly improved. It should be noted that the Department of Housing will assist financially with the reconstruction of these houses.

6.1 Consolidation of the Kouga Development Agency

(a) The net of the misstatement is nil, however due care will be taken in future to ensure that all transactions are reflected on the Statement of Performance.

(b) It should noted that the CDM was not informed of the adjustment to the KDA financials and consequently no adjustments were made to the consolidated financials.

6.2 Non-adherence with the Financial Statement Preparation Framework

(a) The municipality is in the process of completing a GAMAP/GRAP/GAAP checklist in order to determine specific areas of non compliance. Strategies will then be formulated to address the highlighted issues.

(b) The oversight is regrettable, but due care will be taken in future to prevent a recurrence.

(c) The 50 % share of in unlisted investments will be removed in view of the municipality not having a monetary investment in the Kouga Development Agency.

6.3 Fruitless and wasteful expenditure

This interest relates to the VAT apportionment calculation for the periods 2000-2002. The calculation was performed by PriceWaterhouseCoopers. After the audit of the calculation the SARS determined that interest on the current account should have been recorded under exempted income and not as a non supply. This resulted in interest as the output was claimed in 2003 but the audit only finalised late in 2004. It should be noted that this is a standard practise of SARS and although a request was submitted to SARS for the write-off of this interest the request was declined on the basis that the CDM had the benefit on earning interest on the output tax claimed.

6.4 Internal Control Weaknesses

The audit report identifies the control weaknesses as significant non-compliance or internal control weaknesses. It is believed that these issues can easily be rectified or addressed.

6.5 Material Financial Statement Adjustments

In line with the MFMA, the annual financial statements were presented for audit within two months of year end i.e. before the end of August 2006. The ability of the municipality to achieve its reporting timeframes and goals is a result of methodical planning and resource prioritisation over the past three years. These strict deadlines places significant pressure on the system and it is inevitable that during the initial years of financial reform implementation errors will be identified during the audit. In these cases the municipality would rather correct the financial statements than have a qualification as a result.

CACADU DISTRICT MUNICIPALITY

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2006

We present our report for the year ended 30 June 2006.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee has adopted appropriate formal terms of reference and consists of three independent, outside members as listed below.

During the year the terms of reference were revised to expand the committee's membership to four and include oversight in respect of Performance Measurement at the district municipality. The additional member was appointed in July 2006.

The audit committee meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

During the 2005/6 year four meetings were held.

Name of member	No of meetings attended
S G Zamisa	4
S M Dondolo	4
F E Prinsloo	4

AUDIT COMMITTEE RESPONSIBILITIES

The committee reports that it has complied, as far as possible, with its responsibilities set out in its Council approved terms of reference.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has noted the disclaimer expressed by the Auditor-General on the Annual Financial Statements.

The Auditor-General has concluded that it is appropriate to issue a disclaimer on the basis of the three matters set out below:

- **Application of the Financial Statement Preparation Framework** – although a medium capacity municipality, only required to fully comply with GRAP and GAMAP implementation by 30 June 2007, the municipality elected to adopt this basis from the 2003/4 year and followed guidelines provided by National Treasury in this regard.

  After the initial financial statements for 2005/6 had been prepared and submitted to the Auditor-General for audit, applying the GRAP and GAMAP basis of preparation, further guidance on the application of the standards was issued which clarified that where no GRAP or GAMAP standard covered the accounting treatment for a particular type of transaction or balance, the relevant GAAP standard should be applied.

  In terms of this interpretation, under the Public Audit Act, General Notice 1512 of 2006, published 27 October 2006, the guidance was applicable immediately and would apply to all audit reports dated on or before 31 May 2007 in respect of audits conducted on entities subject to the MFMA. Due to the timing of this interpretation the municipality was not in a position to formulate the necessary accounting policies and information in order to fully comply with all the requirements of the standards with the result that the Auditor General was unable to quantify the impact on the annual financial statements of these non-compliances and therefore could not conclude as to the fairness of the presentation thereof. It is, in our view, primarily this situation which has given rise to the disclaimer expressed.

  We as a committee feel that the very strict interpretation of the accounting standards requirements, together with the late notification of the applicability to the 2005/6 year, whilst the accounting standards and their application to the municipal environment are still being understood internally, is unduly harsh. Full compliance with the applicable accounting standards is appropriate and should be strived for but application of technical standards, often developed for other industries, represents a challenge to the organisation.

  It is important to note that the areas of non-compliance referred to by the Auditor-General in his report relate mainly to financial statement presentation and disclosure, together with adequate recognition of the impact of the time value of money. These matters do not represent financial mismanagement or a breakdown in internal controls but rather capacity constraints in the specialist area of financial statement presentation.

- **Levy Income** – consistent with previous years, the completeness of the income could not be audited, and relates to the anomaly in the legislation which prevents the Council from verifying levy payers' financial information.

  With the abolition of the current levy income system, the committee is satisfied that this matter does not represent a risk to the district municipality.

- **Fruitless and wasteful expenditure** - this represents costs incurred in respect of a housing project, undertaken some years ago where houses have proved defective.

  This occurred prior to the establishment of the Audit Committee. However, the committee is satisfied that this matter does not represent a significant risk to the district municipality or current breakdown in the internal control process. Quality assurance processes applied for infrastructure projects have been improved since the project in question was undertaken, making a recurrence of this nature unlikely.

The matters raised under the emphasis of matter section of the report have been noted by the committee and measures identified by management to address these.

The Committee has:

- Reviewed the audited annual financial statements;
- Reviewed management responses to the management letters of the Auditor-General;
- Concluded that the going concern premise is appropriate in preparing the annual financial statements.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROLS

The matters reported in the reports of Internal Audit (received quarterly) and the Auditor-General as well as matters brought to the attention of the Accounting Officer, by way of informal queries and management letters, indicate that whilst there is always room for improvement the internal checking and control measures generally functioned adequately during the year under review.

The Committee has urged management to take corrective action to ensure that internal checking and control measures are as effective as possible so as to improve the internal control environment.

RELEVANT LEGISLATION

The committee's terms of reference include responsibility for monitoring certain legislation such as Local Government Municipal Systems Act, the Local Government Transition Amendment Act, Performance Management Regulations and The Municipal Finance Management Act.

The Committee concentrated primarily on financial legislation. In addition, the Committee took cognisance of the recommendations of the King II Report on Corporate Governance

PERFORMANCE MEASUREMENT

The municipality is monitoring and comparing actual to targeted progress on a regular basis according to a framework. Use is made of the Service Delivery and Budget Implementation Plan (SDBIP) report which reflects planned completion dates for all projects.

Although progress has been made with compliance with the regulations in respect of the performance management system, this has been introduced only for senior staff and needs to be rolled out for the balance of staff. In addition, a process to measure performance of service providers needs attention.

CONCLUSION

The Audit Committee, subject to the concerns expressed regarding the timing of establishing comprehensively the financial statement preparation framework, accepts the conclusions of the Auditor-General on the annual financial statements for the year ended 30 June 2006 and recommends that the audited annual financial statements should be adopted by the Council.

S G Zamisa
Chairman

Date: January 2007

Glossary:

GRAP Generally Recognised Accounting Practice
GAMAP Generally Accepted Municipal Accounting Practice
GAAP South African Statements of Generally Accepted Accounting Practice
PAA Public Audit Act, 2004 (Act 25 of 2004)

CHAPTER 5

FUNCTIONAL AREA SERVICE DELIVERY REPORTS

FUNCTION : EXECUTIVE AND COUNCIL

Overview

Includes all activities relating to the executive and council function of the municipality, including costs associated with mayoral, councillor and committee expenses and governance.

Costs Relating To Function : Executive And Council : 2005/2006

Office of the Mayor		
Council's Expenses	2 851 800	
Mayoral Committee	4 027 452	
Secretariat		859 600
Auxiliary Services		1 090 800
Total : Office of the Mayor		8 829 652
Office of the Municipal Manager (Management)		1 422 100
Directorate : Infrastructure (Management)		1 412 200
Directorate : Finance and Corporate Services (Management)		1 648 700
Directorate : Development Facilitation (Management)		1 473 805
Health Services (Management)		1 137 500
TOTAL : EXECUTIVE AND COUNCIL		**R15 923 957**

Description of Activity

The function of Executive and Council within the Municipality is administered by the Office of the Executive Mayor and Municipal Manager together with the Management Team comprising the Heads of the four Departments of the Municipality, namely:

Development Facilitation
Finance and Corporate Services
Health Services
Infrastructure Services

All decisions are taken by the Council, the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation and/or the delegations of authority adopted by the Council on 1 December 2004.

The following committees have been established to deal with specific issues and make recommendations thereon to the Mayoral Committee, or the Council via the Mayoral Committee:

Audit/Performance Audit Committee
Cacadu District Mayors' Forum
Cacadu District Health Authority
Local Labour Forum
Water Services Authority
District Aids Council
DMA Committee
Municipal Finance Management Act Implementation Steering Committee
District Wide Infrastructure Forum
Chief Financial Officers Forum
Heritage Advisory committee
Bid specification, evaluation and adjudication committees

<u>Strategic objectives</u>

- Improve municipal governance
- Move head office to Jeffrey's Bay
- Create closer linkages with constituency
- Promote effective and transparent communication

<u>Key issues for 2005/2006</u>

- Tender Committee abolished and new Bid committees put in place in terms of Supply Chain Management Policy
- Council resolved in July 2005 to enter into formal agreement of friendship and co-operation with Nelson Mandela Bay Metropolitan Municipality
- Significant progress made with development of Cacadu Brand
- Review of all Council policies undertaken
- Audit of Baviaans Municipality carried out and measures implemented to keep municipality operating

- Formal agreement of friendship and co-operation with Cape Winelands District Municipality signed in September 2005
- Chief Financial Officers Forum aligned to the IGF as a technical support structure
- Municipal Managers' Forum established as IGF technical support structure
- CDM joined Nelson Mandela Bay Metro's 2010 Soccer World Cup Task Team
- Organisational Culture Survey undertaken
- Decision taken to develop new database and website as part of brand marketing plan
- Road signage project approved as part of brand marketing plan
- New Mayoral Committee appointed after municipal elections in March 2006
- New Councillors attended SALGA induction and training programme for councilors
- Intergovernmental Relations Policy adopted in May 2006
- Cacadu Heritage Advisory committee appointed
- District Outreach (information gathering roadshows for purpose of identifying capacity building needs) to all LMs by Mayoral Committee commenced June 2006
- Appointment of Senior Performance Management Systems Officer and HIV and AIDS Co-ordinator
- Terms of the programmes of the two International Technical Advisors deployed at CDM ended 30 June 2006

Analysis of Function

Total number of councillors: 27
Number of full-time councillors serving on Mayoral Committee 6

Number and type of Council/Committee meetings:

	NUMBER OF MEETINGS 2005/2006
Council	7
Mayoral Committee	16
Audit/Performance Audit Committee	4
Bid Committees	14
Cacadu District Mayors' Forum (IGF)	3
Cacadu District Health Authority	1
Local Labour Forum	8
Water Services Authority	9
District Aids Council	-
DMA Committee	4
MFMA Implementation Steering Committee	8
District Wide Infrastructure Forum	2
Chief Financial Officers Forum	5
Heritage Advisory Committee	-

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Ensure a thoroughly informed community on all aspects of local government	Develop a community participation plan	Completed - forms part of communications plan to be developed	-	-	Development of a communication plan
Develop community participation structures	Launch of committee	DMA committee launched and functioning within the DMA effectively	-	-	-
Implement programmes that improve category B municipal operating systems in the Cacadu area	Implementation of projects	Projects targeting systems improvement at LM level have been implemented	-	Such projects are undertaken by the relevant CDM Official	-
Intergovernmental relations policy	Policy developed	-	Policy adopted by 31 December 05	Policy development changed to in-house project. The policy was researched and drafted in-house and subsequently approved by Council on 30 May 2006.	-
Allocation of grants and donations	Develop donations policy	-	-	-	Policy developed and implemented
Oversight Council operations and exercise delegated authority	Planned meetings held	-	-	-	20 meetings
Ensure the institution is managed in an efficient and effective manner	% of SDBIP implemented	-	-	-	100%

FUNCTION : FINANCE AND CORPORATE SERVICES
SUB-FUNCTION: FINANCE (Budget and Treasury Office)

<u>Overview</u>

This includes all activities relating to the finance function of the municipality, including revenue collection.

<u>Description of Activity</u>

The function of finance within the municipality is administered by the Budget and Treasury Office of the Department : Finance and Corporate Services, and includes:

- provision of relevant, accurate and reliable financial information to all users including councillors, managers, levy payers and stakeholders to facilitate informed decision making
- provision, maintenance and implementation of sound financial policy, controls and systems
- ongoing introduction of budgetary and accounting reforms
- production of annual budget and GRAP compliant annual financial statements
- internal audit and risk management
- the maintenance of an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- provision of financial advice to the Mayoral Committee, Council and Departments
- administration of the investment and insurance portfolios of the municipality
- management of conditional grants
- asset management
- revenue collection and cash flow management
- capacity building by way of training interns, councillors and officials.

<u>Strategic Objectives</u>

- ensure long-term financial sustainability
- ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- implement revenue generating strategies and lobby for additional equitable share of National Revenue
- recover outstanding monies owed by the Provincial Government in respect of health subsidies and long term liabilities
- provide support to local municipalities

Key Issues for 2005/2006

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines
- Compiled GRAP compliant Financial Statements
- Implemented shared services of Internal Audit functions as well as progress made with implementation of Audit Committee Structures
- Effective operation of a Municipal Finance Management Act (MFMA) Steering Committee to monitor the implementation of the Act
- Implementation of Supply Chain Management regulations, policy and systems
- Improvement of financial system with regards to costing
- Computerisation of manual accounts in DMA
- Improvements to MFMA reporting requirements
- Registration of indigents in DMA area to implement free basic electricity
- Awarded bid for property valuation project

Analysis of Function

Grants received and spent - An analysis of the grants received is contained in Appendices F and F(1) of the Financial Statements.

Remuneration of councillors	2005/2006 R	2004/2005 R
Executive Mayor	385 697	365 773
Speaker	171 425	133 441
Mayoral Committee members	1 507 351	1 326 166
Councillors	725 893	663 862
Councillors pension and medical contributions	21 294	13 557
Total Councillors' remuneration	2 811 660	R2 502 799
Employee related costs (CDM)		
Salaries and wages	16 011 070	13 360 439
Social contributions	7 163 263	6 541 678
Total employee related costs(CDM)	23 174 333	19 902 117
Employee related costs (Primary Health Care)(PHC)		
Salaries, wages and allowances	13 659 251	11 347 471
Total employee related costs(PHC)	13 659 251	11 347 471
Total remuneration councillors and officials	39 645 244	33 752 387

Debtor billings : number and value of monthly billings

	Number	Value R
Services - Rietbron		
Number and amount billed each month across debtors by function	388	16 918
Value of amount received and interest		2 030

Regional Services Levies : Ageing	Amount R
Current (0 - 30 days)	97 351
31 - 60 days	179 610
61 - 90 days	125 340
91 - 120 days	103 997
121 - 150 days	87 945
151 - 180 days	91 312
+ 180 days	2 680 225
Total	3 365 780

Services: Ageing

0 - 90 days	37 341
+ 90 days	533 000
Total	570 341

Write off of debts	Number	Value R
RSC levies/Other	0	0

Property Rates (Residential and Commercial)	Number	Value R
Properties rated	221	1 068 370
Properties not rated	2	33 440
Rate exemptions	0	0
Rates collectible for the current year		27 168

Regional Services Council (RSC) Levies

Business Rated	5 404
Total staffing of business rated	R3.1 billion
Total turnover of businesses rated	R13.0 billion
Levies collected for the current year	R31 417 964

Property Valuation

Year of last valuation 1994

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Develop a policy and identify opportunities for accessing funding for projects listed in the IDP	Applications to alternative funding sources lodged	Restructuring Grant received. Application was also made to DBSA for Performance Management and Klipplaat disaster	Applications lodged	A revised approach was taken to'market' CDM to funders. This approach was documented and used in applications. Most notable was negotiations with the DBSA.	Continued applications
Equitable Share	Completed	Completed	-	-	-
Increase levy income above inflation	Completed	Completed - increased from R 21 m to R 28 m	-	R31.42m	- (Levies abolished)
Improve financial management system	Revisions made	Budget and finance reforms in line with MFMA progress implementation plan	-	-	-
Recover funds due to CDM	Moneys received	Completed - funds received from NMMM	-	-	-
Road Works pensioners contributions to medical schemes claimed from Province	Receipt of funds	Capital amount received, account for interest and legal fees outstanding	-	Medical contributions received of R2 924 503	-
Ensure no unfunded mandates	System in place	Continuous process	-	-	-
Property Valuations	Property valuation for district complete	Re-prioritised for 2005/6	Valuation completed	Guidelines received from DPLG which indicated that the process would take far longer than anticipated. Completion date now set at July 2007.	Service provider appointed for property Valuation in DMA. Data collection and evaluation stage by 30 June 2007

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Facilitate the establishment of shared service agreements	Agreement reached	Formal adoption at IGF level	-	-	-
Facilitate the move to Jeffrey's Bay	Plans in place	Project reprioritised for 2005/6	-	Not in SDBIP however the office move is still being investigated	
Construction of a new office block in Rietbron	Completion of project	Completed	-	-	-
Review GAMAP/ GRAP Implementat-ion	GAMAP/GRAP Implementation reviewed	Completed for the year. 2003/4 financials completed in GAMAP/GRAP format, AG report addressed	Recommendations for GAMAP/GRAP compliance put into place	GRAP implementation not completed. New accounting standards made available after 31 August 06	Appointment of a service provider to assist with compliance with GRAP audit standards for Municipalities.
Project Budget*	% of LMs with budget completed on time	Budgeting systems reviewed	Assistance provided to Municipalities within the District	Survey to determine status quo conducted and constructive advice provided.	GRAP compliant financials for all Local Municipalities by 30 June 06.
Project Unqualified*	No AG qualifications and emphasis of matters for LMs repeated	Assistance provided to local municipalities on an adhoc basis	Analyse deficiencies in 04/05 audit and develop strategies to address issues	Survey to determine status quo conducted and constructive advice provided.	
Project Financial Statements*	% of LMs with financial statements completed on time	Assistance provided to local municipalities on an adhoc basis	Plan for next financial year on the basis of this year's experience. Provide assistance to medium capacity local municipalities within the District.	Survey to determine status quo conducted and constructive advice provided.	
Implement MFMA according to legal requirements	Deadlines for implementing MFMA.	Budget and finance reforms in line with MFMA in progress	Supply Chain Management Policy & systems in place by 31 December 06	Deadlines achieved.	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Councillor and officials MFMA training	Councillors and officials trained	-	Training of new councillors & officials complete	Training was conducted from 3 to 7 April 2006 for 129 people.	Further councilors and officials trained by 31 December 07 including the National Treasury interactive MFMA learning programme.
CFO Forum Activities	No of CFO Forum meetings held	-	Quarterly CFO forum meetings held	4 quarterly forum meetings held	Quarterly CFO forum meetings
Uniform Rates Policy*	LMs adopted Uniform Rates Policy	No policy in place.	Uniform Rates Policy Adopted in all municipalities within the district.	A generic policy provided in conjunction with the Property Rates Act has been distributed throughout the District and a by-law has been written. Only 3 LM's are yet to adopt the uniform rates policy.	-
Retirement of long term liability*	Long term liability retired	-	Implement recommendations	An actuary was appointed to investigate implications and benchmarking exercises were conducted. National Treasury has also been contacted for comments with regards to a report.	Implementation of recommendations by 31 March 07
Provision of a shared internal service audit function to LMs	Shared internal audit service functioning, or effort made	-	Internal audit committees operating in LMs	In place with the exception of 2 LMs	Shared Internal service audit function to LMs
Establishment of audit committees	Audit committees established, or effort made	-	Audit committees operating in LMs	In place apart from 1 LM	Audit Committees established and monitored
Prepare a Budget for tabling by 31 March and adoption by May 31	Budget tabled by March 31	-	Budget adopted by 30 May	Adopted on 30 May 06	Not in SDBIP however legislative deadlines are being adhered to.

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Complete Financial Statements by August 31	Financial Statements completed by August 31	-	Financial Statements completed by 31 August 06	Financial statements completed by 31 August 06 and sent to the Office of the Auditor General	GRAP compliant annual financial statements
Independent review of VAT audit systems	Independent review of VAT audit systems	-	-	-	Appoint service provider to assist with implementation of new VAT legislation

FUNCTION : FINANCE AND CORPORATE SERVICES
SUB-FUNCTION: HUMAN RESOURCES

Overview

Includes all activities relating to the Human Resource Management function including recruitment, selection, induction, people management and payroll administration.

Description of Activity

Human Resource Management is a specialised function which provides support services for other managers in the institution to enable them to make optimal use of their personnel, and includes the following:

1. Developing HR Policies and Procedures
2. Recruitment and Selection –

   The recruitment, including overseeing the preparation of job descriptions, advertising, interviewing and appointment of personnel

3. Induction of new officials
4. Skills Development Facilitation
5. Employer/Employee Relations
6. Employment Equity

Strategic Objectives

- Maintenance and review of personnel policies
- Effective functioning of the Local Labour Forum and labour peace
- Employment equity and skills development.
- Human resource planning
- Organizational development

Key Issues for 2005/2006

- Implementation of HIV& AIDS mainstreaming in the workplace
- Introduction and implementation of LED and Finance and Administration learnerships throughout the District
- Adoption and implementation of Workplace Skills Plan for 2005/2006
- Review of Employment Equity Plan

- Training programmes conducted for employees and councillors of district and local municipalities in the following skills –

    - **Information Technology**
    - **Administration/Business Writing Skills**
    - **Life Skills and Basic Education**
    - **Corporate, Legal and Support**
    - **Training Skills**

- Local Labour Forum re-established in terms of Organisational Rights Agreement in July 2005

Analysis of Function

Number and cost of all municipal staff employed:	Number	Total Cost R
- Top Management (Managerial/Specialist)	6	2 533 312.56
- Senior management (Supervisory/Foremen)	9	2 268 630.50
- Professionals	139	16 792 233.10
- Skills Technical and Academics	18	1 466 840.30
- Office (Clerical/Administrative)	64	2 819 653.35
- Non-professional (blue collar, outside workforce)	16	855 401.07
	252	R26 736 070.91

FUNCTION : FINANCE AND CORPORATE SERVICES
SUB-FUNCTION: INFORMATION TECHNOLOGY

Overview

Includes all activities relating to the provision, maintenance and protection of all relevant Information Technology systems including a web site and maintaining and protecting the integrity of the corporate data required by officials of CDM.

Description of Activity

The function is administered as follows:

The CDM's information systems are owned by the municipality although the support of the mainframe is provided by an external service provider who resides in CDM's Head Office and works with the Municipality's own support staff.

The Municipality's website is maintained by an external service provider under the guidance of a committee of senior officials appointed to monitor content and accuracy of input and ensure that the website is constantly updated.

While most ICT staff fall under the Finance and Corporate Services Department, some specialist information systems, such as GIS, are maintained by personnel in other departments.

The IT function includes:

- APPx application development as required
- User training and Telephonic Support
- All necessary data file updates
- All necessary APPx software upgrades
- All system and user documentation as required
- Backup function: System and data backups on a daily, monthly and annual basis
- Data Capture: All data as required for transaction processing and month end functions
- Reporting duties: Printing of all required accounts and necessary reports
- Batch runs: Process and run the daily, weekly and monthly batches
- Internet and E-mail administration and support
- PC and Network administration support

Strategic Objectives

Ensure that the CDM can maintain accurate and reliable accounting records through systems development and accurate processing.

Key Issues for 2005/2006

- Internet reliability improved by changing service providers, thereby achieving cost savings and an improved band-width
- Installed a proxy server for internet access
- Installed anti-spam software
- Upgraded and standardized network cabling
- Upgraded computer hardware including UPS units
- Installed a new exchange server to facilitate scheduling of meetings
- Programs have been developed for the HR division including::
    - Disciplinary Procedures
    - Written warnings
    - Grievances
    - Training
    - Posts
    - Employment Equity reports
    - Competency and Qualification reports
- All reports have been adjusted to meet the requirements of National Treasury
- All IT staff underwent training in Red Hat Linux.

Analysis of Function

Number and cost of all personnel associated with the Information Technology function:

	Total cost R
Permanent Staff – PC Support (1)	132 278
Outsourced – Program maintenance and data capture (3)	773 445

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Ensure effective information management	Ensure data security and integrity	In process. Reporting as required by MFMA in development	-	Continual alignment to MFMA monitored through MFMA steering committee	-
Review IT System	Project completed	Completed	-	-	-
Review service fees (Chris Hani, Ikwezi)	Project completed	Completed	-	-	-
Ensure effective ICT services	Down time of computer systems	-	-	-	less than 5%

FUNCTION : FINANCE AND CORPORATE SERVICES
SUB-FUNCTION: OTHER ADMIN (SUPPORT SERVICES)

Overview

Includes all activities relating to supporting the organisation, including providing Secretarial Services and Auxiliary Services to Council and Committees, Archives and Central Registry, Legal Services and Property Management

Description of Activity

The support services are administered by the Corporate Services Division of the Department : Finance and Corporate Services, and include the following:

1. Secretarial/Auxiliary Services

   The Secretariat provides secretarial and administrative support services to the Council, Mayoral Committee, and other committees established for specific purposes (see list under Function: Executive and Council). These services include meeting arrangements, printing and distribution of agendas, keeping of minutes of all meetings and ensuring that resolutions are executed.

2. Archives and Central Registry

   The Central Registry and Archives office is responsible for receiving, tracking, filing and retrieving all documents addressed to and leaving the offices of the CDM.

3. Legal Services/Property Management

   This includes:

   - Contract administration
   - Dealing with legal proceedings instituted by/against the Municipality
   - Dealing with all matters relating to Municipal-owned property including acquisition/alienation, leases, valuations

Strategic Objective

To provide cost effective administrative support services to the Council and its committees and departments.

Key issues for 2004/2005

- The District Management Area Committee, commenced operating on 22 July 2004 and has held regular meetings during the year under review
- An Access to Information Act Manual for CDM was approved in March 2005
- The preparation of a new file system relevant to the District Municipality was commenced and will be completed and submitted for approval by the Department of Archives in the next financial year
- Progress was made towards finalizing all outstanding litigation issues
- Ongoing efforts were made to speed up the transfer of Transnet properties to ensure that the full spectrum of municipal services can be provided to the communities residing thereon with the ultimate goal of transferring ownership of the properties to the occupants.

Analysis of Function

Number and cost of personnel associated with the "Other Corporate Services" function:

Secretariat	4
Auxiliary Services	7
Legal and Property Management	1
TOTAL COST	R1 558 800

Details of the operation of the municipality's tender committee:

Number of times met:	24
Total number of tenders considered:	66
Total number of tenders approved:	66
Total number of tenders rejected:	None
Backlog of tenders to be approved:	None

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
DMA Transnet Alienation of station Houses	Arrange titles and upgrade	-	Transfer	Awaiting for Transnet to transfer	Houses transferred to owners
DMA Transnet station Houses	Arrange titles and upgrade	-	Transfer	Awaiting for Transnet to transfer	
Glenconnor School	Land transferred to CDM				Land transferred by 31 December 06

FUNCTION: FINANCE AND CORPORATE SERVICES
SUB-FUNCTION: OTHER ADMIN (PUBLIC RELATIONS)

Overview

Includes all activities related to marketing, publicity and media co-ordination for the Municipality and the District.

Description of Activity

This function within the Municipality is administered by the Office of the Municipal Manager and includes:

- Promoting the Municipality by providing sufficient information to the public and staff about Municipal issues
- Planning and co-ordinating arrangements for Imbizos, community meetings, project launches and handovers
- Promoting and managing the Municipality's corporate identity and public image
- Formulating and maintaining the Municipality's Communication Policy and Strategy
- Preparing speeches for the Mayor to present at Council meetings and other events

Strategic objectives:

- Build good relationships between the Municipality and identified target publics (internal as well as external)
- Communicate sufficient information regarding the CDM's services, policies, procedures, goals and activities, and facilitate public understanding thereof
- Promote and manage the CDM's image and reputation

Key issues for 2004/2005

- The annual report for 2004/2005 was adopted by Council on 25 January 2006
- Roadshows for the launch and handover of projects to local municipalities and communities were embarked upon in July and November 2005
- National imbizo programmes were held in Ikwezi and Kou-Kamma Municipalities on 11 and 13 April 2006
- Public Participation policy developed and adopted by Council in June 2006
- Cacadu District brand exercise commenced March 2005 and continued throughout the year. This included project launches, research workshops, monitoring of strategy development, establishment of steering committee and consultative forum for stakeholder participation.

- Improvements made to existing website
- Worked towards establishment of new website as outcome of Brand exercise
- Business outreach programmes took place in Kouga, Camdeboo and Makana

Analysis of function

Number and cost of personnel associated with the Public Relations function:

1 Public Relations Officer Cost: R184 000

Grants and subsidies received:

None

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Compile the Annual Report	Annual report published	Completed for 2003/4	Not included as an indicator for 2005/6	Completed	-
Update CDM website	Website Launched	New website developed and launched	-	-	-
Establish a community newsletter	Project completed	Not done	-	Project not included this year.	-
Review and revise existing Communications strategy	Project completed	Completed	-	-	-
Embark on a Communication Audit for the District	Audit embarked	Not done	-	Project not included this year.	-
Establish a District Communicators Forum	Forum in place	Not done	-	Guidelines made available in May 2006. Date for launch of forum identified as 22 August 2006	Forum established on 22 August 2006
Market the new Corporate identity of the CDM	Project completed	Completed	-	-	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Branding the district	Brand for District formally launched	Tender awarded	Website in place and brand launched by 30 June 06	Preparation and planning completed. Launch scheduled for Oct 2006	Launch of Cacadu brand at 2 major centres. Ongoing marketing of brand to increase tourism, trade and investment
Business Sector Outreach	Outreach events held	-	2 events held by 30 June 06	4 held between 8 - 13 Jun.	-
Imbizo and constituency program	Programs held	-	4 events held by 30 June 06	7 project/equip. handovers to LMs held throughout the year. National Imbizo in Ikwezi and Kou-Kamma in April 2006.	-
Launch Radio and print campaign for CDM	Ensure district wide radio and print campaign is launched	-	-	-	Project completed and evaluation report sent to Mayoral

FUNCTION: **PLANNING AND DEVELOPMENT**
SUB-FUNCTION: **DISTRICT WIDE STRATEGIC PLANNING**

Overview

Includes all activities relating to formulation, monitoring of implementation, evaluation and review of strategic plans for the whole district.

Description of the Activity

1. The function of **integrated development planning** is administered by the Department: Development Facilitation.

   The main activity is to formulate a **five year strategic plan**, monitor and support those implementing the plan, and review the plan annually, in terms of Chapter 5 of the Municipal Systems Act 32 of 2000 (including notice R796 regulations) and in terms of the Municipal Finance Management Act 56 of 2003

   Strategic objectives:

   - Integrated development planning for the district as a whole, including a framework for integrated development plans of all category B municipalities.
   - To become an established and effective integrated development planning authority in the Cacadu District
   - Co-ordination and support to the planning function of local municipalities

2. The function of **infrastructure development planning** is administered by the Department : Infrastructure Services and seeks to achieve the following:

   - To improve the District's service delivery through infrastructure and services that are planned, delivered, upgraded or managed in such a way that support the District's vision and priorities.
   - To prioritise infrastructure projects and programmes that support the District's vision and priorities.
   - To direct future public and private sector investment.
   - To ensure the strategic alignment of capital budgets

   The function is undertaken through the following key initiatives:

   - The District wide Spatial Development Framework (SDF).
   - The District wide Integrated Transport Plan (ITP).
   - The District wide Water Services Plan (WSP)

<u>Strategic objectives</u>

The following strategic objectives are relevant to the above three areas of intervention:

The Spatial Development Framework (SDF) :
To enhance the Cacadu District Municipality's (CDM) role as a development facilitator, in terms of which the institution is able to identify developmental levels of importance, thereby allowing it to promote cross-cutting developmental aspects that contribute to the betterment of the region as a whole. Furthermore, as a primary component of the district wide Integrated Development Plan (IDP), the SDF of the CDM may be defined as a management tool that seeks to :

- Ensure a collective spatial representation of the District's Vision and Objectives.
- Ensure mechanisms in which to effectively prioritise not only capital investment, but investment in the form of developmental programme areas.
- Ensure cohesive planning.

The Integrated Transport Plan (ITP) :
To facilitate integrated transportation planning through the provision of a five-year prioritised implementation programme for the improvement of the transportation system within the District.

The Water Service Plan (WSP) :
To guide service delivery in respect of water supply and levels of sanitation within the District in order to ensure that that each person within the District has access to potable water and some form of acceptable sanitation.

3. The function of The function of **coastal and environmental management planning** is administered by the Department: Development Facilitation.

The main activity is to formulate a Coastal and Environmental Management Framework, to guide the coastal and environmental management function. The primary objective of the framework is to provide strategic direction on coastal and environmental factors in response to growing concerns on unabated development, as well as to provide guidelines for sound environmental management.

<u>Strategic objectives</u>

- To ensure that development is socially, economically and environmentally sustainable.
- That economic growth is accompanied with the responsible use of environmental resources and the promotion of environmental best practices.

Key issues for 2005/2006

- The timely review of the District Municipality's Integrated Development Plan for 2006/2007, which included the following key activities:
  - Development of a district-wide IDP Review Framework Plan that was adopted by all category B municipalities and used to develop Process Plans for IDP review.
  - Compilation of an IDP & Budget Schedule in conjunction with the Finance Unit, in line with the MFMA.
  - Facilitation of various meetings and workshops with the following stakeholders: nine category B municipalities; provincial sector departments; private business sector; public entities; NGOs & CBOs
  - Development of capacity within CDM departments through using CDM resources as opposed to engaging external service providers
  - Fulfilling horizontal alignment between municipalities and vertical alignment requirements
  - Analysis of development priorities
  - Review and, where required, amendment of strategies, objectives and projects
  - Review of sector plans and operational strategies
  - Development of new plans in areas where plans were not in place
  - Aligning and integrating programmes and plans to the PGDP of the Eastern Cape government
  - Strengthening and improving public participation
  - Preparation of IDP review document and submission thereof to Council for approval
- The IDP was reviewed without assistance from external service providers. This resulted in increased staff participation and increased strategic planning capacity within the CDM. This has also brought about considerable savings.
- The Municipality's PIMSS staff continued to support and capacitate the nine (9) local municipalities in the District in the review of their IDPs within the required time frames
- The timely review of the District Municipality's Spatial Development Framework (SDF) for 2006/2007, which included the following key components:
  - A consultation process through the sharing of information, ideas and opinions during the drafting and review of the SDF.
  - Depicting the spatial planning approach and methodology through methods employed in the formulation of the SDF.
  - Spatial analysis through the identification and examination of each element with spatial relevance.
  - Detailing a framework for the integrated application of the analysis, policies and future objectives in the context of the specific environment.
- The SDF was reviewed without assistance from external service providers. This initiative has brought about considerable savings.
- The development of the ITP and the WSP which included :
  - The analysis and refinement of development objectives
  - Alignment with Provincial programmes and plans.

- Completion of a State of the Environment report towards the formulation of the Coastal and Environmental Management Plan.

Analysis of Function:

Number and cost of personnel associated with the IDP function:

1 Senior IDP/Strategic Planning Officer
Total cost R312 470

PIMSS staff:

1 Senior Professional
1 Junior Professional
1 Administrative Assistant
Total cost R601 258

IDP support to the nine category B municipalities is delivered using the following 'vehicles':

- The District Framework Plan that serves as a guide on critical steps in planning and timeframes.
- Planning and Implementation Management Support System (PIMSS) that provides IDP support to the district and local municipalities. Operations of PIMSS are funded through the DPLG's Municipal Systems Improvement Grant.
- Funds received from the provincial Department of Housing, Local Government and Traditional Affairs. This funding is disbursed to municipalities to cover the costs of the integrated development planning process and was allocated as follows:

Municipality	*Allocation for IDP Support*
Baviaans	R 50 000.00
Blue Crane Route	R 50 000.00
Camdeboo	R 50 000.00
Ikwezi	R 50 000.00
Kouga	R 50 000.00
Koukamma	R 50 000.00
Makana	R 50 000.00
Ndlambe	R 50 000.00
Sundays River Valley	R 50 000.00
TOTAL	R450 000.00

Grants Received:
Type and number of grants and subsidies received:

- IDP Support grant from DHLG&TA R 1 296 333
- MSIG from DPLG R 1 000 000

Number and cost of personnel associated with Infrastructure Development Planning :

1 Regional Planner
1 Infrastructure Planner
1 Engineer : Water and Sanitation
1 GIS Specialist
Total cost R 1 092 968.00

Type and number of grants and subsidies received: None

There are no personnel dedicated to the coastal and environmental management planning function. This activity is performed at a high level in the Department : Development Facilitation.

Type and number of grants and subsidies received: None

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Coastal and environmental management plan	Plans developed	Planning complete and service provider appointed	Plan in place and available by June 06	The coastal management (C & EM) plan was dependant on the completion of a State of the Environment report. This has now been completed and the C & EM plan is scheduled for completion by the end of 2006/2007. Funding application has been lodged.	Coastal and environmental management plan underway according to schedule.
Collecting data on LMs	Data base established and functioning		Database established by 31 March 06	Completed	-
IDP - Support District	LMs complete their own IDP Review in time	Commencement of an IDP marketing brochure	LM's IDP completed for adoption with Budget at lease 30 days before the start of the new finyr	All municipalities completed their IDPs on time.	LM's have IDPs which (a) comply with legislation and (b) are completed on time
Business plan to facilitate the establishment and launch of a District-wide IDP Authority	Establishment of authority	Not done	-	-	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Complete review of IDP for tabling by March 31 and adoption by May 31	Proposed Reviewed IDP tabled before end of March	2005/6 IDP adopted	IDP completed for tabling with draft budget at least 30 days before the start of the new finyr	Completed	IDP completed for tabling with draft budget at least 30 days before the start of the new finyr
Review of the District Spatial Development Framework (SDF)	Completed SDF	2005/6 SDF adopted with the IDP	Completed SDF	2006/7 SDF adopted with the IDP	Completed SDF
District-wide land availability audit	Completed database depicting available land within the district with developmental potential				Implementation of report and monitoring mechanisms in place
Socio economic data base	Data Base developed	Planning complete and service provider appointed - project rolled over to 05/06	Data base installed by 31 March 06	This project was completed and in now on the CDM server as of July.	-
Land and infrastructure management system for the 9 LMs and the DMA	Implementation of GIS based system	To be completed in 05/06			-
Land acquisition for development (inc. Miller Piggery)	Land acquired	Not done	-	-	-
Create an environment which attracts investment in industry and commerce	Completed investment promotion plan	-	-	-	Plan in place and investment Council established

FUNCTION: **PLANNING AND DEVELOPMENT**
SUB-FUNCTION: **ECONOMIC DEVELOPMENT**

Overview

Includes all activities associated with economic development initiatives

Description of activity

The function of economic planning / development within the municipality is administered by the Department : Development Facilitation and includes:

- strategic planning
- providing support to local municipalities in their LED initiatives
- providing infrastructure for some LED projects in local municipalities.

Strategic objectives:

- sustainable socio-economic development in the District
- sustainable employment creation in the District
- create key economic empowerment mechanism

Key issues for 2005/2006:

This has been a year devoted mainly to planning and capacity building, which should translate into tangible projects with resultant job creation in the future.

- Completion of Cacadu Economic Growth and Development Strategy
- Training LED practitioners and councilors in the District on the LED Manual
- Completion of Cacadu State of the Environment Report
- Completion of digital agricultural information system, which includes a spatial data base and agricultural plans
- Kouga Development Agency CEO and support staff appointed
- Successfully sourced funding support from the Department of Economic Affairs, Environment and Tourism for the following local projects:
    - Longmore Flower initiative (Kouga)
    - Kouga Cultural Centre Small Business Centre
    - Kouga Cultural Centre tea room
    - Makana milk goat initiative (Makana)
    - Bathurst community environmental initiative (Ndlambe)
    - Blue Crane Integrated Waste Management Plan
- On-going technical assistance for Ndlambe Local Municipality, as a RULIV pilot site, in all municipal service delivery support areas.

- Completion of fencing projects in Blue Crane Route (Boschberg Nature Reserve) and Camdeboo (Graaff-Reinet Airport)
- Participation in various local planning processes through representation on LED Forums and Steering Committees, which serves as a network for stakeholders within the district and beyond.
- Completion of a handbook on municipal entities: *Municipal Entities: A Handbook for the Chief Executive Officer and Board of Directors*

Analysis of Function

Number and cost of economic development personnel

1 Project Manager (July – November 2005, after which the position became vacant)
Total Cost: R 251 254
(1 Administrative Officer to assist the LED Project Manager – cost included under Planning and Development)

Number and type of Grants received:

- Development Bank of Southern Africa – R1 300 000 towards the Agricultural Digital Information System
- Eastern Cape Department of Agriculture – R400 000 towards the Agricultural Digital Information System
- Eastern Cape Department of Economic Affairs, Environment and Tourism – R1 760 000 for LED and environmental projects in local municipalities
- DFID – R300 000 for the formulation of the Economic Growth and Development Strategy
- Industrial Development Corporation – R1 200 000 for the Kouga Development Agency

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Cotton growing business plans	Business plans completed	Project Completed	-	-	-
Renovation of Baviaans Municipal Offices	Renovation complete	Completed	-	-	-
Purchasing of Ikwezi service delivery vehicles	Vehicles purchased	Completed	-	-	-
LED plan for the DMA	Plan in place	Report available	-	-	-
Socio-economic survey of the DMA	Survey complete	Completed	-	-	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Identify opportunities for accessing funding for projects listed in the IDP for which Development Facilitation is responsible	Funding Sources Identified and application lodged	Re-prioritised for the new financial year	Applications for funding lodged by 31 March 06	Approximately R24 million was sourced plus an additional R23 million for the KDA.	
Riebeeck East Community Garden	Project initiated, approved and implemented or effort made	-	Project complete	Completed - equipment and protective clothing bought.	-
Sundays River LED Project	Projects initiated, approved & implemented or effort made	-	Project established by 30 June 06	Project changed to development of a hawkers facility. SRV Council resolution only received in June 06, therefore the project will only commence in 06/07.	Facility in use
KouKamma Charcoal Project	Projects initiated, approved & implemented or effort made	-	Charcoal project revived by 30 June 06	The Koukamma Municipality resolved that the Charcoal project should be changed to a Honey bush project.	Harvesting and packaging of tea
Makana Car Wash	Projects initiated, approved & implemented or effort made	-	Car wash construction complete by 30 June 06	Delays encountered with passing of a resolution by Makana and problems with the bidding process at CDM which resulted in the tender being re-advertised.	Car wash operational
Security fence for Boschberg Mountain	Fence erected, or effort made	Project commenced	Fence erected by 30 June 06	The fence was erected.	-
Upgrading of Airport Fence	Fence erected, or effort made	Project commenced	Fence erected by 30 June 06	The fence was erected.	
LED sector policy formulation	Policy developed (dependent on Economic Growth Strategy)	Reprioritised for implementation in 2005/6	Policy developed and adopted by 30 Jun 06	Not completed as the Economic Growth Strategy had not been finalized – rescheduled for completion 06/07.	Project completed

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Co-operative flower trail out grower period	Trail established	Project completed in terms of the 2004/5 schedule	Co-operatives / outgrower schemes launched & flower trees planted by 30 June 06	Business plans completed by 17 May 06 for 'Lourie' in Kouga and 'Paradise resort' in Tsitsikamma. LMs have indicated that they wish to be responsible for the appointment of the co-ops.	-
Stock Farming - Miller	Project implemented	-	Project Implemented by 30 June 06	A feasibility study determined that the proposed projects were not viable. A Craft market project was then proposed and prepared for implementation.	Craft initiative co-operative fully functional.
Agricultural Village - Glenconner	Project implemented	-	Project Handover by 30 June 06		
Stockfarming - Vonderling	Project implemented	-	Project Implemented by 30 June 06		
Bakery - Reitbron	Project implemented	-	Project Handover by 30 June 06		
Leatherwork - Kleinport	Project implemented	-	Training commenced by 30 June 06		
Stockframing - Wolwefontein	Project implemented	-	Project Handover by 30 June 06		
District Wide economic growth and development strategy	Strategy developed	-	Strategy completed by 31 March 06	Completed in the new financial year	Implementation of identified projects
Implement LED projects in the DMA (Rietbron, Glenconnor, Kleinpoort, Wolwerfontein, Miller and Vondeling	Identified projects implemented and operational	-	-	-	Projects initiated
Implement agricultural projects in the district	Identified projects implemented and operational	-	-	-	Evidence of selected agri projects
Establish co-operatives	10 co-ops established	-	-	-	10

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Build capacity among selected SMME's to run viable and successful small businesses	No of SMME's trained in small business skills	-	-	-	10

FUNCTION: PLANNING AND DEVELOPMENT
SUB-FUNCTION: OTHER (CAPACITY BUILDING)

Overview

According to Section 83(3) of the Municipal Structures Act (MSA) No.117 of 1998, district municipalities have an obligation to assist local municipalities within their demarcated areas by building their capacity to perform their functions and exercise their powers where such capacity is lacking.

Description of the Activity

The function of capacity building is co-ordinated by a Capacity Building Unit in the Office of the Municipal Manager. Capacity building initiatives are however performed and/or managed in all Departments of the CDM.

The activity is performed by implementing initiatives aimed at empowering local municipalities to enable them to discharge their constitutional mandate and meet specific legislative prescripts. These initiatives include:

- facilitating shared services among the local municipalities in the District
- co-ordinating district wide capacity building and training projects
- conducting specific capacity building and training projects per local municipality based on identified needs
- ensuring the efficient utilization of resources
- managing the information resource centre
- compiling, maintaining and managing a district information management system in collaboration with all departments.
- sourcing funds for the implementation of programmes and projects within the district.
- establishing knowledge sharing networks within and beyond the district aimed at strengthening capacity building initiatives in the district.

Strategic objectives:

Local municipalities that are:

- able to perform their legislated powers and functions and efficiently deliver cost effective services to their communities
- self sufficient, developmental in nature and financially sustainable.
- closely networked and have functioning knowledge sharing structures both within the district and beyond.

Key issues for 2005/2006:

- Commenced with preparation of Capacity Building Strategy
- Completed the collection of data to formulate a District Wide Database
- Completed the LED & Tourism Capacity Building Programme
- Completed Contract Management initiative
- Completed the ICT/ Disaster Recovery Plan
- Public participation (Ikwezi, Baviaans and DMA) – Completed
- Ward Committee training – Completed
- Formulation, Promulgation of By Laws – Almost complete
- Internal Audit – In Progress
- Establishment of a shared audit committee function – In progress
- Performance Management System – In Progress
- Awareness on Free Basic Services - Completed

Analysis of Function:

Number and cost of personnel associated with the Capacity Building function:

1 Capacity Building Manager (only occupied as from Jan 06)
1 Administrative Officer (Vacant)

Total Costs : R 155 899.00

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Free basic services awareness and indigent policy implementation	Build capacity at LMs in order that they can implement free basic services	Capacity building conducted in the areas of tourism and economic development	Awareness material available & Awareness Training done in all municipalities by 31 March 06	A manual and CD were completed and one training session for the district held in March.	-
LED and Tourism capacity building programme	Program Implemented	Tourism capacity building programme in place	Programme implemented by 30 June 06	The project changed to the development of an LED manual and training was conducted.	LED capacity building initiatives completed

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Public Participation for Baviaans, Ikwezi and the DMA	Training completed in designated areas	Only Ward Committee training undertaken	Training completed by 31 March 06	In the absence of a ward committee system a public participation system was developed and training was provided.	-
Capacity Building - contract management and administration for LMs	Contract management manuals developed and LMs trained	-	Evaluation of impact of training completed by 30 June 06	Training was provided using a manual based on the Paterson housing project. The project was completed as a pilot project.	-
Support and capacity strategy for the District	Strategy Developed	-	Strategy completed and adopted by 30 June 06	Completion of the project rescheduled to 2006/2007 due to the fact that information gathering road-shows to LMs took place mainly during the latter half of 2006.	Implementation of identified projects within the capacity building strategy
Ward Committees Training	Ward Committees trained in LMs	Training completed in Ndlambe, Makana, Sundays River Valley and KouKamma	Further training completed in Makana, Ndlambe & Koukamma by 30 September 05	Training in the targeted municipalities, as well as Sundays River Valley, will take place in August 06.	-
ICT & Disaster Recovery Plan	Recovery Plans in place in LMs	Only Kouga and Ndlambe systems completed	Plans in place by 31 December 05	The project was completed in 5 LMs (Blue Crane Route, Camdeboo, Ndlambe, Sundays River Valley and Kouga). Full costings for ICT were also provided.	Makana Complete

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Formulate, Promulgate and implement Bylaws	Bylaws implemented	-	Bylaws gazetted by 31 December 06	Peace officers were trained on the 31 January 2006. Three LMs have not adopted the by-laws. By-laws due to be gazetted in 06/07	-
Establish Capacity Building Forums	Conduct Forums / Meetings	-	2 meetings of Economic Develop-ment, Tourism & Capacity Building Steering Committee held	Steering Committees exist for By-law development, IDP, Tourism, IT and Economic development projects.	-
Support Local Municipalities	Ongoing support to LMs	LED forums in place throughout the District	Provision of continual support throughout the year	CDM was responsible for the development of the Ikwezi and Baviaans IDP and was instrumental in the IDP of the Blue Crane Route.	LED capacity building initiatives completed including IDP training in conjunction with the PIMMS centre

FUNCTION : HEALTH SERVICES
SUB-FUNCTION : PRIMARY HEALTH CARE SERVICES

Overview

Includes all activities associated with the provision of primary health care services which are performed by the Municipality as an agent for the East Cape Provincial Department of Health.

Description of Activity

The function of provision of community health clinics within the municipality is administered as follows:

The Cacadu District has been divided into three Health Sub-Districts (HSDs). The total population of the Cacadu District is 401 744*. Details of distribution of the population between the Health Sub-Districts are as follows:

CAMDEBOO HEALTH SUB-DISTRICT					
Camdeboo	Blue Crane Route	Ikwezi	Baviaans	ECDMA	Total
44 428	36 557	13 971	9 729	6 946	111 631

MAKANA HEALTH SUB-DISTRICT			
Makana	Ndlambe	Sundays River Valley	Total
84 250	50 136	53 113	187 499

KOUGA HEALTH SUB-DISTRICT		
Kouga	KouKamma	Total
67 160	35 454	102 614

* Eastern Cape Cacadu – Facility Population Mid-year estimates

The service is rendered by CDM at 18 fixed clinics, 11 satellite clinics and 26 mobile clinics throughout the District. The service is rendered by the nine local municipalities in their areas at 30 fixed clinics and 3 satellite clinics.

The function of provision of community health clinics within the municipality includes:

- Maternal and Child Health Services
    - Reproductive Health including contraception and pap smears
    - Antenatal
    - Postnatal
    - Child Health (0 - 5 years), including immunization, nutrition and growth monitoring
    - Youth health (6 – 18 years)

- Provision of promotive, preventive and primary level (minor ailments) services

- Provision of Essential Medicines, including those for minor ailments as well as chronic medication (drug management)

- Provision of curative services

- Provision of services to combat and control communicable disease, which includes screening, medication, counselling and laboratory services for the following conditions:

    - Tuberculosis
    - Sexually Transmitted Infections (STIs) and HIV/AIDS
    - Notifiable diseases

- Provision of EPI Surveillance Programme Services, which include:

    - Delivery of safe patent vaccines to appropriate target groups, using effective vaccination strategies
    - Effective disease surveillance and control measures to permit the early detection and investigation of cases and/or outbreaks and the implementation of appropriate responses.

- Provision of geriatric health services

- Provision, implementation and maintenance of an effective Health Information System

- Other services
- Maintenance of laboratory services
- Clinic infrastructure and equipment
- Effective disposal of medical waste
- Training of managers and staff

These services extend to include HIV/Aids awareness programmes, capacity building programmes and special health projects, but do not take account of Ambulance Services which are provided by provincial government.

One TB hospital and one community health centre which previously formed part of the CDMs health service have been transferred to the provincial government.

Strategic Objectives

The strategic objectives of the PHC function are to:

- Provide affordable, accessible PHC services to all inhabitants of the Cacadu District
- Ensure a comprehensive PHC package at each service point
- Implement strategies for the integration of PHC services through the established District Health Council, using the District Health System model as a guide
- Ensure the implementation of an effective HIV/Aids programme.

The specific objectives of the HIV/AIDS Programme are to:

- Strengthen current efforts to prevent the spread of the virus through social mobilization and increased public awareness, especially targeting the youth and women, using voluntary counselling and testing as a strategy
- Improve the lives of those infected and affected through affordable Home Based Care systems, which include NGO/CBO support
- Create an environment conducive to the effective management of HIV/Aids by maintaining a political and civil society representative structure to monitor and influence HIV/Aids programmes being implemented within the District so as to assist with effective behavioural change.

Key issues for 2005/2006:

- Continued implementation of strategies to integrate health care services in the District through:

    - the maintenance of a District Health Advisory Committee (DHAC) with representation from local municipalities, Eastern Cape Department of Health (ECDoH), Local Service Level Area (LSA) Managers and CDM. This structure advises the Provincial and District Health Councils.

    - appointment of consultants to investigate strategies to address the viability of CDM's health services.

    - Transfer of staff employed at the Joubertina Community Health Clinic and PZ Meyer Hospital to the ECDoH in October 2005.

    - the establishment of an ECDoH Task Team to investigate and make recommendation regarding the future governance of PHC Services

- The maintenance of Local Clinic Committees to address issues of community concerns and complaint resolution, volunteer stipend and NGO identification and verification.

- The maintenance of District HIV and Aids Council and award of R10,000 per Local Municipality to assist with the sustaining of their local HIV and Aids Councils

- The maintenance of HIV and Aids Voluntary Counselling and Testing (VCT) service at 11 clinics

- Payment of a stipend to 307 volunteer Home Based Careworkers for the period 1 July 2005 to 30 June 2006 to a total amount R1 102 704

- Maintenance of mainstreaming HIV and AIDS strategies throughout the Municipality's IDP/SDBIP projects in each department, and initiation of a key indicator for performance management for each department head in relation to the "Workplace HIV and AIDS Policy"

- Payment of allocations to 17 NGOs to an amount totaling R505 884

- Maintained general HIV and AIDS LSA activities and projects to an amount totaling R1 575 394

- Set aside funds to renovate Kruisfontein Clinic - an amount of R387,194 and Kwaz Clinic, Camdeboo – an amount of R203 220

Analysis of function

Number and Cost of Health Clinic Personnel and number and general running cost per clinic / service point

Cost Centre	Type of Service Point	Category of Staff	No Budgetted For	BUDGET 2005/2006		
				Personnel Cost	General Running Cost	Total Cost
MANAGEMENT						
Management	Head Office	Manager Health Services	1	695,343	186,300	881,643[1]
		Personal Assistant	1			
		Typist/Clerk	1			
Head Office	Head Office	Manager PHC	1	911,952	700,486	1,612,438[2]
		Chief Professional Nurse (Admin)	1			
		Senior Typist Clerk	1			
		Clerk	1			
		Clerk	1			
TOTAL			8	1,607,295	886,786	2,494,081
MAKANA HEALTH SUB-DISTRICT						
Sub-Office	Sub-Office	Acting Chief Professional Nurse	1	563,550	119,032	682,852
		Acting Senior Professional Nurse	3			
EC 104 Makana	3 Mobiles 1 Set 1 Satellite	Professional Nurse	6	1,192,667	411,298	1,603,965
		Other	6			
EC105 Ndlambe	4 Mobiles 4 Set 0 Satellite	Professional Nurse	12	2,331,100	775,386	3,106,486
		Other	13			
EC106 Sundays River Valley	3 Mobiles 2 Set 1 Satellite	Professional Nurse	8	1,399,786	427,740	1,827,526
		Other	6			
TOTAL	10 Mobiles 7 Set 2 Satellite		55	5,487,103	1,733,456	7,220,559
KOUGA HEALTH SUB-DISTRICT						
Sub-Office	Sub-Office	Chief Professional Nurse	0	543,179	135,279	678,458
		Acting Senior Professional Nurse	3 (2 Acting)			
		Senior Clinic Assistant	1			
EC 108 Kouga	2 Mobiles 4 Set 2 Satellite	Professional Nurse	12	2,521,987	749,587	3,271,574
		Other	13			
EC109 KouKamma	3 Mobiles 4 Set 4 Satellite	Professional Nurse	10	1,721,499	580,219	2,301,718
		Other	7			
TOTAL	5 Mobiles 8 Set 6 Satellite		46	4,786,665	1,465,085	6,251,750

[1] Management costs funded by CDM
[2] Charged out to Clinics

Cost Centre	Type of Service Point	Category of Staff	No Budgeted For	BUDGET 2005/2006		
				Personal Total	General Running Total	Grand Cost
CAMDEBOO HEALTH SUB-DISTRICT						
Sub-Office	Sub-Office	Chief Professional Nurse	1	704,380	128,378	832,758
		Senior Professional Nurse	2			
		Senior Clinic Assistant	1			
EC 101Camdeboo	3 Mobiles 0 Set 1 Satellite	Professional Nurse	3	753,382	199,557	952,939
		Other	3			
EC102 Blue Crane Route	3 Mobiles 0 Set 1 Satellite	Senior Prof. Nurse	1	817,754	201,574	1,019,328
		Professional Nurse	3			
		Other	3			
EC 103 Ikwezi	1 Mobiles 1 Set 1 Satellite	Other	3	550,115	151,077	701,192
		Professional Nurse	2			
EC107 Baviaans	2 Mobiles 1 Set 0 Satellite	Professional Nurse	3	842,833	236,480	1,079,313
		Other	3			
ECDMA 10	2 Mobiles 1 Set 0 Satellite	Professional Nurse	2	434,353	112,098	546,451
		Other	2			
TOTAL	11 Mobiles 3 Set 3 Satellite		33	4,102,817	1,029,164	5,131,981
TOTAL (BUDGET)						R18 604 290
ACTUAL EXPENDITURE TO 30 JUNE 2006						R16 376 009
SUBSIDY RECEIVED FROM PROVINCIAL DEPARTMENT OF HEALTH						R18 007 232

PHC Service Statistics (2005/06)

Category	Grand Total
PHC headcount under 5 years	77 809
PHC headcount 5 years and older	414 100
PHC total headcount	491 909
Direct Observed Treatments visit – Facility	49 804
Antenatal 1st visit before 20 weeks	2 356
Antenatal 1st visit 20 weeks or later	2 590
Antenatal 1st visit	4 964
Antenatal follow-up visit	11 625
Antenatal Rh and blood grouping taken	1 401
Antenatal client RPR positive - new	222
Postnatal visit	956
Delivery to woman under 18 years – hospital	0
Oral pill cycle	15 215
Norethisterone enanthate injection	18 565
Medroxyprogesterone injection	37 268
Male condoms distributed	718 546
PAP smear	382
Diarrhea under 5 years – new	1 572
Lower respiratory infection under 5 years – new	1 657
Child under 5 years weighed	55 845
Not gaining weight under 5 years	1 699
Severe malnutrition under 5 years – new	319
Immunized fully under 1 year – new	3 294
TB case diagnosed – new	477
TB patient under treatment	13 438
MDR patient on outpatient treatment	53
TB patient on DOTS – Facility	4 001
TB patient on DOTS – Community	8 307
Male Urethritis Syndrome treated – new episode	1 270
STI treated – new episode	3 585
HIV/Aids post-test counseling session	1 876
RPR taken	2 057
RPR positive – new	373
HIV counseled – female	4 606
HIV counseled – male	878
HIV positive test – female	816
HIV positive test – male	143
HIV test done on antenatal client	795
HIV positive antenatal client – new	134
Psychiatric illness visit	13 306
Acute medical examination	93 713
Pre-circumcision medical examination	494

Chronic care visit	180 854
Referred to doctor	15 972

Type and number of grants and subsidies received:

East Cape Provincial Department of Health R18 007 232

FUNCTION : HEALTH SERVICES
SUB-FUNCTION : OTHER

<u>Overview</u>

Includes all activities relating to the provision of environmental (municipal) health services.

<u>Description of activity</u>

The function of Municipal Health Services in the Municipality is administered as follows:

The Municipality has entered into agreements with the local municipalities of Kouga, Blue Crane Route, Camdeboo, Makana and Ndlambe to render MHS on its behalf in their respective areas of jurisdiction.

The DMA, Ikwezi, Baviaans, Sundays River Valley and KouKamma local municipality areas are serviced by 2 Environmental Health Practitioners (EHPs), employed by CDM.

The function includes the following activities:

- Active Environmental Educations Sessions and Awareness Campaigns/ Programmes
- Waste Management and Pest Control
- Water and Food Quality Monitoring
- Facilities Evaluation
- Complaints Investigation
- Research
- Surveillance and Prevention of Communicable Diseases
- Evaluation of Cemeteries, mortuaries and funeral undertaker establishments
- Attending to applications for burials and exhumations

The function as rendered by the Municipality excludes Port Health, Malaria and Hazardous Substances.

<u>The strategic objectives</u> of this function are to improve the health status of communities serviced through the identification, evaluation and control of criteria / factors that affect the physical, social and mental well-being of communities.

Key issues for 2005/2006:

- Maintenance of a Joint Environmental Health Committee with 5 local municipalities
- Appointment of a Manager : Environmental Health Services
- An investigation into the costing for additional EHP posts and verification of local muncipalities' needs which led to the purchasing of CCO items which included furniture, tools, computers, printers, technical equipment to the value of R815,250 for use by local municipalities.
- Training of Ingcibis and Amakhankathas. Training Register reflects 84 traditional health practitioners trained in safe health practices.
- Health awareness projects were held on water management, environmental greening and HIV and AIDS prevention
- Waste and pest control monitoring was focused on, namely dog sterilization in Kareedouw and Jansenville. Sewage samples were also taken.
- The quality of water and food was monitored. 93 tests were done. "Safe water" projects were held in Wolwefontein, Willowmore, Kleinpoort and Rietbron
- Food gardening projects were undertaken at Jansenville, Willowmore and the District Management Area
- Disease outbreak monitoring executed with local municipalities in relation to 1 case of Rabies, 11 Hepatitis A and Swine Flu.

Analysis of function

Number and cost of personnel associated with Environmental Health Function

Two Environmental Health Practitioners and Manager Environmental Health Services are employed. The budget for the Environmental Health Service is R1 170 900.

During 2005/06, contributions were paid to the LMs for MHS as follows:

• Kouga	R 777 645
• Makana	R1 248 377
• BCR	R 485 546
• Camdeboo	R 488 081
• Ndlambe	R 610 269
• SRV	R 29 550 (for purchase of CCO items)
Total	**R3 639 468**

Statistics

No.	Category		2003/04	2004/05	2005/2006
Nature and extent of service provided – Local Municipalities					
1	Health Evaluations	Evaluation and related facilities	76	45	65
		Food	269	146	256
		Water and Sanitation	47	20	19
		Public and Miscellaneous facilities	30	6	17
2	Labeling consumer goods evaluated		221	70	170
3	Health Education	Sessions	19	7	25
		Attendance	233	19	584
4	EH related disease investigations (food poisoning/cholera)		2		1
5	Sampling programmes (Milk, drinking water)		48	84	272
6	Complaints received and investigated		50	55	121
7	Exhumations / Reburials		1	2	3
8	Air Pollution				2
9	Dairy Registration: Milking Sheds				19
Nature and extent of service provided – DMA					
10	Health Evaluations	Accommodation and related facilities	3	0	2
		Food	2	0	2
		Public and Miscellaneous Facilities	3	0	0
		Sampling Programmes (milk / drinking water)		1	26
11	Complaints received and investigated		5	1	2

Type and number of grants and subsidies received:

Eastern Cape Department of Health R3,237,895

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Ensure Health education and training is provided to Ingcibis and Amakhankathas	Health Training sessions provided per sub-health region	2 training courses held	2 training sessions by 30 June 06	Training conducted 14 - 15 Nov 05 and 6 - 7 June 06	2 training sessions by the 30 June 07
Active env.onmental education sessions and awareness campaigns	Number of education and awareness sessions held	60% complete	15 sessions by the 30 June 06	The budget was not sufficient for 15 projects therefore 7 campaigns were planned and held from Aug 05 - May 06.	Not included as an indicator for 2006/7
HIV AIDS Testing & Counselling	% of clinics testing	Project prepared for 2005/06	Testing complete at District clinics by 30 June 06	Testing completed at 11 clinics which were identified as suitable for the project.	Electronic statistical system in place at 11 clinics
Waste monitoring and pest control for DMA, Ikwezi, Baviaans, KouKamma and SRV	No of times waste and pest quality is monitored in these LMS	Ongoing routine monitoring being carried out	10 centres by 30 June 06	Project covered the 4 subgroups.	Continued monitoring but not included as an indicator for 2006/7
Water and food quality monitoring in DMA, Ikwezi, Baviaans, Kou Kamma and SRV	No of times water and food quality is monitored in these LMs	Ongoing routine monitoring being carried out	415 tests conducted within the District by 30 June 06	Only 300 tests were conducted due to increase in lab costs and budget restraints.	Continued monitoring but not included as an indicator for 2006/7
Maintain HIV Aids Council	Number of meetings held per quarter	AIDS Council established	4 quarterly meetings held by 30 June 2006	2 meetings plus 1 interactive workshop held	4 quarterly AIDS council meetings held by 30 June 06
Integrated health care services through implementing the DHS model	% of clinics in which the DHS Model is implemented	Restructuring of Health Departments in progress	Implementation of DHS model by 30 Jun 06	40% completed: Ikwezi and Baviaans integrated. Paterson, Riebeck East and Alicedale are on hold due to Provincialisation.	Integration to affect Klipplaat, Steytlerville, Alicedale, Riebeeck East, Aberdeen, Kwanonzamo, Pellsrus and Somerset East clinics.
Effective management of the expending of HIV AIDS Special projects allocations	% of HIV AIDS money expended appropriately	Continual expending of the HIV/AIDS allocations	Disbursement of HIV/AIDS budget	83.5% spent	Not included as an indicator for 2006/7 but monitored through the budget reporting
Provide additional professional nurses, General Assistant and Chief Medical Officer at Rietbron Clinic	Number of posts filled	1 Professional Nurse appointed	Officials engaged by 30 June 06	A general Assistant was appointed in DMA North. The Chief medical Officer and Professional nurse have been appointed	Maintain filled positions in DMA of General Assistant and Chief Medical Officer

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Identify opportunities for accessing funding for projects listed in the IDP for which Health is responsible	Applications to alternative funding sources lodged	Ongoing lobbying	Applications lodged by 30 June 06	3 applications lodged.	Not included as an indicator for 2006/7 however constant lobbying to take place
Construct a new clinic in Kouga (CFDA support)	Project complete	-	-	-	Project complete (completion dependent on receipt on an identified source of funding)
HIV&AIDS VCT building - Camdeboo	Project complete	-	-	-	Project complete by 31 Dec 06

FUNCTION : COMMUNITY AND SOCIAL SERVICES
SUB-FUNCTION: ALL INCLUSIVE

Overview

Includes activities associated with provision and upgrading of cemeteries, community halls, libraries and crèches, programmes for the empowerment of Youth, Women and the Disabled and heritage related matters.

Description of Activity

The implementation of Special Programmes for Youth, Women and the Disabled, as well as preparation of business plans to access funds for and monitoring of purchase of library equipment, is administered in the Office of the Executive Mayor and Municipal Manager.

The function of provision and/or upgrading of community facilities within the municipality is administered in the form of infrastructure projects and is performed by the Department : Infrastructure Services in response to specific requests from local municipalities or communities in the DMA.

Activities related to heritage issues are dealt with by the Department : Development Facilitation.

The provision of cemeteries also includes administrative functions relating to acquisition, subdivision and rezoning of land, which functions are dealt with by the Department : Finance and Corporate Services, and all activities necessary to comply with any conditions attached to the land use approvals granted by other relevant bodies, eg landscaping, environmental management planning, layout planning, fencing, ablution facilities etc., which are performed by the Department : Infrastructure Services.

Strategic Objectives

The strategic objectives of this function are to ensure that communities are provided with facilities they need in terms of social upliftment and human dignity

Key Issues for 2005/2006

- Business plan prepared and submitted to Provincial Department of Sport, Arts and Recreation for the provision of library equipment for libraries in six local municipalities and the DMA
- R450 000 received for libraries in the District for 2005/2006
- Expenditure on library materials and equipment by local municipalities monitored
- Training programmes arranged for Women, Youth and Disabled persons in business management and life skills.

- R30 000 donated towards Travelling Exhibition to honour Sarah Baartman
- Handover of library equipment to Ikwezi Local Municipality from 2004/2005 libraries project
- Established Cacadu Heritage Advisory Committee for the purpose of co-ordinating heritage related issues in the District and Local municipalities
- Heritage Day celebration held on 1 October 2005 in Steytlerville, Baviaans Local Municipality
- Childrens Day celebrations held on 19 November 2005 in Willowmore in Baviaans Local Municipality
- An event to mark the International Day of the Disabled was arranged in collaboration with the Office of the Premier, Provincial clusters, other District Municipalities in the Province and the Metro. The event was held in Port Alfred, Ndlambe Municipality on 2 and 3 December 2005
- Hosted World Aids Day event in Paterson, Sundays River Valley Local Municipality on 13 December 2005
- Hosted annual Jazz Festival in collaboration with the Provincial Department of Sport, Recreation, Arts and Culture at Thornhill in Kouga Local Municipality on 17 December 2005
- Schools soccer tournament held in June 2006.
- Fun run for Youth arranged in Sundays River Valley Municipality on Youth Day 16 June 2006
- Nemato Rowing Club in Port Alfred was officially opened by the Minister for Sport, Recreation, Arts and Culture on Youth Day

Analysis of function

One Special Programmes Officer is employed to implement Special Programmes for Youth, Women and the Disabled.

No specific personnel are allocated to the function of provision and/or upgrading of libraries and other community facilities within the municipality. Staff employed for other ongoing infrastructural and administrative functions are utilised for this purpose on an ad-hoc basis.

Type and number of grants and subsidies received:

Library subsidy R450 000

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Upgrade / renovate existing buildings that could be transformed into community halls for Glenconner, Wolwefontein, Kleinpoort		Under Investigation	-	Not prioritized for 05/06	-
Recreational facilities for DMA: add additional workroom and store room to community hall and raise fence	Project complete	Complete	-	-	-
KouKamma - Sandrift multipurpose	Hall repaired	Awaiting electricity connection	-	-	Project completed by 31 December 06
Multi-purpose community centre - Miller		Scope of project changed			-
Establish a knowledge resource centre		Equipment has been purchased and is ready for installation	Knowledge Resource Centre established by 31 December 06	Computers and webcams donated by DBSA as part of LGNet programme	Not included in this year's SDBIP. Project will be resuscitated when further funds and resources become available
Establishment of library and creche: Ekuphuleni, Kenton-on-sea	Project complete	Complete	-	-	-
Soft services: resource and development centre - Willowmore	Project complete	Complete	-	-	-
Construction of Jansenville Resource Centre	Project complete	Complete	-	-	-
Makana - Alicedale Cemetery	Project complete	Under Investigation	Project complete	Awaiting EIA	Project complete
Kouga - Cemetery in Ramaphosa Village	Project complete	Under Investigation	Project complete		Project complete

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
SRV – (Kirkwood) Provision of site for cemetery	Project complete	Under investigation	Project complete	Waiting for SRV to identify suitable site	Project complete
DMA: Establishment of a cemetery at Miller	Formalized established cemetery				Cemetery in use
Graaff-Reinet cemetery	Project complete	Under Investigation		Awaiting EIA	Project complete
Somerset-East cemetery	Project complete	Under investigation		Awaiting EIA	Project complete
Hankey cemetery	Project complete	Under investigation		Formalisation process complete. Investigation into financial assistance to Kouga LM for implementation yet to be done.	Project complete
Storms River cemetery	Project complete	Under investigation		Awaiting EIA	Project complete
Wolwefontein cemetery	Project complete	Under investigation		Project complete. Survey diagram to be registered with Surveyor General's Office	Project complete
Waai-Kraal cemetery	Project complete	Under investigation		Awaiting EIA	Project complete
Clarkson cemetery	Project complete	Under investigation		Cemetery complete	Project complete
Glenconnor Cemetery	Project complete	Multi-year project - upgrading / sourcing of new land for DMA)		Under investigation	Project complete
Kleinpoort Cemetery	Project complete			Under investigation	Project complete
Vondeling Cemetery	Project complete			Under investigation	Project complete

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Human Rights Celebration	Events held	-	3 (International day for the disabled, Human rights day; and Freedom day) by 31 March 2006	6 events were held on different commemoration days. Only the Freedom Day event was not in line with the targeted days. However, the target was exceeded in terms of number required.	Celebrate Womens, Heritage and Youth Days.
Training Women in Life Skills	Number of women trained	Structures dedicated to the empowerment of women established in 3 of the Local Municipalities	2 events held by 30 June 06	27 women were trained in life skills 6 - 10 Feb 06. A further course for women in business skills held 15 - 20th May.	Ensure 2 training courses entrepreneurial skills are conducted by 31 March 07 Establish 9 LM and 1 District Womens' Forums
Identify and develop talent in Arts and Drama through training	No of youth trained	-	Training completed by 30 June 2006	Due to slow response from LMs the project was changed from training to assistance (based upon application). Despite reminders, applications only started to arrive during June 2006, and the project will therefore only be completed in 06/07.	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Training disabled in agriculture*	Beneficiaries appropriately trained	-	Training completed by 30 June 2006	Project depended upon purchase of land by Dept of Agriculture for use by beneficiaries. This did not materialize and the process was halted.	Establish 9 LM and 1 district Disabled forum
Training disabled in business and life skills	Number of disabled trained	Progress according to programme	2 workshops held by 30 June 06	Training took place 13 - 17 Feb and 22 - 26 May 06.	
Soccer tournament for High Schools	Soccer Tournament Held	-	Tournament held on 16 June 06	Tournament held - 36 high schools participated. A rowing event for youth was also held 16 June 06.	Hold High school rugby tournament by 31 March 06
Training youth in business and life skills	Number of youth trained	Progress according to programme	2 workshops held by 31 March 06	2 workshops held 20 - 24 Feb and 6 - 10 June 06.	Establish district Youth Forum and conduct meetings quarterly
Give full attention to the needs of children and youth	Update policy and strategy to assist youth	-	-	Existing policy in place	Policy updated
Assist women to reach their potential	Develop policy and strategy to assist women	-	-	-	Policy developed
Assist the disabled maximise their potential	Develop policy and strategy to assist disabled	-	-	-	Policy developed
Heritage site - formalisation	Identify and Categorise Heritage Sites and establish data base		Data base operational by 30 June 06	Legislation led to decision to change focus of project and the Cacadu Heritage Advisory Committee was established instead.	Completed audit presented to Council and Local Municipalities by 30 June 06
Cultural Centre basement conversion*	Conversion completed, or effort made	Cultural centre construction yet to commence	Cultural centre complete by 30 June 06	Project depended on Kouga LM completing construction of centre. This has been laborious and the project has been rescheduled for completion 06/07.	Conversion completed

FUNCTION : HOUSING

Overview

Includes activities associated with provision of housing in accordance with the provisions of the Housing Act and Provincial policies

Description of Activity

The CDM undertakes a range of activities on behalf of the Department of Housing, Local Government and Traditional Affairs relating to the development and management of housing projects for previously disadvantaged communities in local municipalities requiring assistance and the District Management Area.

The functions, which are administered in the Department: Infrastructure Services include all activities necessary to achieve the following:

- enter into land availability agreements
- enter into service agreements
- submit township applications for approval
- submit general plans for approval
- open township registers
- submit housing applications for Housing Board (HB) approval
- allocate sites in terms of HB approvals
- approve engineering plans
- award engineering contracts
- construction of services
- construction of top structures
- transfer of ownership

Strategic Objectives

- to facilitate housing development in the District in conjunction with the local municipalities in an integrated manner that seeks to achieve sustainable human settlement
- to explore the best mechanism to deliver houses in the District by means of accrediting the CDM to administer housing programmes

Key Issues for 2005/06

- considerable efforts were made to source additional funding for blocked projects (projects experiencing financial difficulty due to inflation) and to finalise ongoing projects

- established contractors were appointed to improve the speed of delivery and the quality of housing units
- A severe storm struck a small Karoo town of Klipplaat on 2 February 2005 destroying 360 homes and buildings. The devastation left families homeless. CDM successfully sourced funds from the Development Bank of South Africa and funds were approved by the Provincial Department of Housing, Local Government & Traditional Affairs for the reconstruction of housing in Klipplaat.

Analysis of Function

The Municipality does not currently have a Housing Unit pending a decision on accreditation of the CDM to administer housing projects

Number of housing projects planned and current and total number and value of housing provided:

See following schedule of KPIs, Targets and Variances.

Type and number of grants and subsidies received:

Department of Housing, Local Government, and Traditional Affairs - see following schedule for amounts

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

PROJECT	NO. OF SUBS	BASELINE / COMPLETE HOUSES 2004/05	TARGET 2005/06	SUBS AMOUNT	GEO-TECH	SCCCA	HSS APPROVED	TRANSFERS	TRANSFERS OUTSTAN-DING	SUBS NOT YET PAID	TOP STRUCTURES			
											FOUNDTN	WALL PLATE	COMPLETE	UNITS STILL TO BE BULT / TARGET 2006/07
Oysterbay	100	40	60	R 20,300.00	R 3,420.00	R 3,900.00	100	95	5	0	100	100	100	Transfer only
Rietbron	300	100	200	R 16,000.00	R 2,400.00	R -	300	0	300	1	300	300	300	Transfer only
Paterson	600	200	400	R 16,000.00	R 2,400.00	R 3,900.00	575	52	548	500	580	430	200	400
Louterwater – ph.2	589	224	365	R 20,300.00	R 3,420.00	R 3,900.00	589	0	589	1	589	589	589	Transfer only
Krakeel-Happy Valley	58	58	Transfer only	R 20,300.00	R 3,420.00	R 3,900.00	58	0	58	2	58	58	58	Transfer only
Krakeel River - R/L 2	131	22	109	R 20,300.00	R 3,420.00	R 3,900.00	131	0	131	1	19	21	79	52
Tsitsikamma - Coldstream	293	219	74	R 20,300.00	R 3,420.00	R 1,004.00	293	293	0	0	293	293	293	-
Willowmore	373	0	373	R 20,300.00	R 3,420.00	R -	373	0	373	0	373	366	360	13
Storms River West	470	447	23	R 16,000.00	R 2,400.00	R -	411	370	100	146	448	448	448	22
Woodlands	423	420	3	R 15,000.00	R 2,250.00	R -	409	360	63	56	420	420	420	3
Tsitsikamma - Sanddrif	594	594	Transfer only	R 15,000.00	R 2,250.00	R -	591	586	8	10	594	594	594	Transfer only
Bushman River	230	151	79	R 16,000.00	R 2,400.00	R 3,900.00	245	208	22	71	230	230	230	Transfer only
Steytlerville	501	0	-	Project transferred under the control of Baviaans Local Municipality										
Addo Valencia	426	385	41	R 20,300.00	R 3,420.00	R 3,900.00	426	202	44	1	426	426	426	0
TOTAL	5088	2860	1727										4097	490
YEARLY TOTAL	-	Information not available	1727										1237	490

FUNCTION: PUBLIC SAFETY
SUB-FUNCTION: DISASTER MANAGEMENT

Overview

Includes planning, co-ordination and alignment of disaster management activities throughout the District.

Description of activity

The main activity is to co-ordinate disaster management activities in the Cacadu District consistent with the provisions of the Disaster Management Framework and Disaster Management Act 57 of 2002. The framework covers the following KPAs:

- Establishing integrated institutional capacity for disaster risk management in the District
- Disaster Risk Assessment – A comprehensive risk assessment for the District in accordance with national and provincial standards and supporting guidelines must be conducted.
- Disaster Risk Reduction – Disaster risk reduction programmes must be developed and implemented
- Disaster Response and Recovery – Centre must identify agencies with responsibilities for the various operational activities associated with disaster response and recovery.

Disaster Management activities in the District are co-ordinated by –

- Establishment, maintenance and management of a Disaster Operations Centre to provide multi-disciplinary disaster management operations
- Maintenance, development and management of the emergency communication network for the District.

Strategic Objectives:

- Formulate a Disaster Management Plan for the Cacadu District Municipality and review the plan regularly
- Ensure that the Plan is widely known by stakeholders such as the National Disaster Management Centre (NDMC), the Disaster Management Centre of the Province of the Eastern Cape (PDMC) and each municipality within the District
- Support the development of local disaster management plans
- A community that is well educated and informed in regard to Disaster Management

The key issues for 2005/2006:

- Provided financial assistance to Kouga Municipality towards repairing houses that were affected by floods in Hankey.
- Provided relief assistance to the victims of floods in the following local municipalities:
    - Kouga
    - Koukamma
    - Ndlambe
    - Makana
- Appointed a serviced provider to conduct risk analysis for the District
- Conducted Flood and Severe Weather awareness campaigns at schools in Communities at Risk in the District
- Established new Disaster Management Teams in the following areas-
    - Addo
    - Bathurst
    - Aberdeen
    - Coldstream
    - Willowmore
    - Alicedale
- Established a Joint Operations Centre in Humansdorp to deal with the fires which occurred in Kouga, Koukamma and Elandsrivier areas
- Undertook training of volunteers
- Issued Disaster Management equipment to Pearston Disaster Management team (Blue Crane Route Municipality), and Riebeeck East Disaster Management team (Makana Municipality).
- Drew up a District Disaster Management Framework

Statistical Information:

Flood and bad weather Awareness Campaigns conducted	3
Volunteers trained in first aid	154
Disasters dealt with in terms of recovery (fire)	1
Number of radio communication repeater sites maintained	12

Number and cost of all personnel associated with the function:

1 Division Head
1 Operations Manager
1 Training Manager
4 Satellite Officers
1 Typist Clerk
4 Control Room Operators **TOTAL COST** **R 1 718 100. 00**

Grants and subsidies received - R1 500 000 from Dept of Provincial and Local Government

FUNCTION: PUBLIC SAFETY
SUB-FUNCTION: FIRE

Overview

Includes all activities relating to managing fire services serving the District as a whole (District function), and rendering a fire fighting service in the Sundays River Valley Local Municipality (Local function performed on behalf of the relevant local municipality).

Description of activity

The function of fire fighting within the municipality is administered by the Disaster Management Division in the Office of the Municipal Manager, and includes:

- planning, co-ordination and regulation of fire services throughout the Cacadu District
- provision of specialised fire fighting services such as mountain, veld and chemical services
- co-ordinating of the standardisation of infrastructure, vehicles, equipment and procedures
- training of fire officers
- rendering of a direct fire fighting service in the Sundays River Valley Local Municipality.

Strategic Objectives:

- Assist local municipalities with the development of fire services plans for their areas
- Assist each local municipality with the implementation of its fire services plan by rendering support with:
    - establishment of satellite fire stations in identified areas
    - appointment of full time fire officers
    - recruitment of fire fighters, reservists and/or volunteers
    - acquisition of fire/rescue vehicles, equipment and tools
    - training of fire officers, fire fighters, reservists and volunteers
- Lobby for funding to assist local municipalities with implementation of their fire services plans
- Prepare business plans where necessary to secure funding
- Make general public aware of the dangers of fires
- Promote and co-ordinate cross border fire service assistance and mutual agreements

The key issues for 2005/2006:

- Continued to render direct fire fighting service in Sundays River Valley
- Presented in-house fire related training and skills development sessions for fire reservists and disaster management volunteers:
  - Basic fire fighting course
  - Basic fire training course for volunteers
  - Radio communication course
- Presented fire awareness programmes, lectures and demonstrations to schools and communities at risk
- Improved fire service delivery at local municipalities by:
  - Purchasing and handing over a heavy duty all terrain fire engine to Koukamma
  - Purchasing and handing over of fire fighting equipment to local municipalities
  - Providing operational and financial support to Ikwezi, Baviaans and Koukamma local municipalitieis.
- A District Fire Service Co-ordinator was appointed from 1 January 2006.

Analysis of Function:

- Number of fire and emergency calls: 98
- Number of fire prevention and safety inspections: 17
- Number of fire hydrants checked and maintained: 143
- Number of fire Awareness Campaigns conducted: 10

Number and cost of all personnel associated with the function :

1 x District Fire Service Co-ordinator
7 x Fire Reservists stationed at Kirkwood Fire Station

Total staff cost: R201 235

Grants and subsidies received - R1 000 000 from Dept of Provincial and Local Government

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Community awareness campaign - team competition	Campaign conducted	Not done	-	-	-
Risk and vulnerability assessment	Assessment completed	Completed	-	-	-
Community services forum	Establishment of forum in the DMA	Not completed	-	-	-
Training of LM Officials - 1st level first aid	Officials trained in LMs	No training provided	Training completed by 30 September 05	Training took place in September November and throughout the year.	-
Electronic resources data base	Electronic data base established and functional	To receive further direction from national government	System operational by June 06	Project rolled over to 06/7 following pressure from National level to first allow the implementation of a pilot project at Amatole and Buffalo City. It has however been noted that this system may not be suitable for CDM.	System developed
Flood Awareness Campaign - LMs	Successful training undertaken in schools	Progress according to programme	Campaign conducted by 31 December 05 covering 10 schools	Campaigns conducted at 8 Schools during the first quarter of 2006	Conduct awareness campaigns at 6 schools in Ndlambe, Makana and Kouga by 30 June 07
Fire Awareness program	Successful training undertaken in schools	Progress according to programme	Campaign conducted by 31 December 05	Project completed ahead of schedule during July and August 2005.	Campaign conducted including 10 schools by 31 December 06

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Supply of relief boxes	Relief boxes provided		50 relief boxes purchased and in place	Relief boxes have been addressed as follows: Non perishable goods are purchased and distributed when needed; Arrangements have been made with 14 supermarkets throughout the district to supply goods when called upon. This system was successfully utilised following the August flood.	Handing over of one relief box to each person per day for a period of 3 months in the event of a disaster.
Awareness campaign - severe weather	Successful training undertaken in schools	Progress according to programme	Campaign conducted by 31 December 05	The campaign was successfully conducted in Feb 06.	Conduct awareness campaigns at 6 schools in Ndlambe, Mkana and Kouga by 30 June 07
Compilation of disaster management plan	Disaster Management Plan developed	Project commenced	Plan completed by 31 March 06	Quotes received exceeded budget. Project therefore split into 2 Phases. Phase 1: risk analysis complete. Phase 2: disaster management plan rescheduled and budgeted for the 2006/7 financial year.	Compilation and implementation of disaster management response plans by 30 June 07
					Requirements identified and all equipment handed over to volunteers by 31 March 07

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Development of an emergency communication infrastructure	Communication infrastructure established	Development of Infrastructure 50% complete	Adequate communication infrastructure in place	Control room relocated to Algoa House. Repeater sites being investigated i.t.o. location, lease renewal and replacement of the band type.	-
Establish Disaster Management response teams	Response teams established in LMs	Completed	Response teams in place and trained	16 volunteer teams established and training provided when required.	Maintenance training conducted
Establish basic fire fighting services in the DMA	Provide training to 10 people in each of the 6 identified communities and hand over fire fighting equipment	-	-	-	Hand over equipment to communities
Establish fire fighting services at LMs	Handing over of fire vehicles and equipment to local municipalities	-	-	-	Hand over equipment and vehicles
Ensure sustainable fire services at LMs	Provide operational support and ensure funds are transferred to LMs	-	-	-	Transfer of funds
Provide training for fire officers and volunteers	Conduct fire fighting courses for fire officers and volunteers	-	-	-	Training complete
Upgrading of buildings to house fire vehicles and equipment	Ensure that repairs and maintenance in performed to all identified buildings	-	-	-	Completion report to Council
Ensure that the area has an effective and efficient fire service	Compliance with fire services plan	-	-	-	80%

FUNCTION : SPORT & RECREATION

Overview

Includes activities associated with construction and upgrading of sports facilities and lobbying for funds therefor.

Description of Activity

The function of construction and/or upgrading of sports facilities within CDM is administered in the form of infrastructure projects and performed by the Department: Infrastructure Services in response to specific requests from local municipalities or communities in the DMA.

Strategic Objectives

To improve the sports facilities available to communities in the District in conjunction with local municipalities in order to

- Provide recreational opportunities
- Encourage participation in sporting events
- Give youth in the District the opportunity to use their time and energy constructively
- Promote sporting talent
- Respond to 2010 challenges

Key Issues for 2005/2006

- Completion and handover of Kareedouw Sports Facility to Kou-Kamma Local Municipality
- Sourced funding for Steytlerville sports facility

Analysis of Function

No specific personnel are allocated to this function, which is dealt with by Planning and Project Management officials in the Infrastructure Department at the various stages of planning and implementation.

Grants Received

R 1 000 000 from the Department of Sport, Recreation, Arts and Culture

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
New sport facility - Bathurst	Facility complete with ablution facilities	Complete	-	-	-
Sports grounds - Louterwater phase 2	facility complete	Complete	-	-	-
Soft services: Enon/Berseba - Kirkwood sportsfield	Sportsfield upgraded	Complete	-	-	-
Sports Facilities - Phases 2 & 3 - Willowmore	Facilities complete	Complete	-	-	-
Upgrade and electricity supply - Rietbron sports facility	Upgrade complete	Complete	-	-	-
Sports field - Kenton-on-Sea	Facility complete	Complete	-	-	-
Provision of lighting to Sanddrift sportsfield	Upgrade complete	Complete	-	-	-
Provision of lightig to Woodlands sportsfield	Upgrade complete	Complete	-	-	-
Upgrading Humansdorp sports facility	Facility Upgraded	-	Project handed over by 30 June 06	Site identification was a problem, Kouga decided upon a different site and the planning process recommenced.	Project handed over by 31 March 07
Upgrading Kareedouw sports facility	Facility Upgraded	-	Project handed over by 30 June 06	Complete	Finances finalised
Baviaans Steytlerville sports facility	Upgrading of facility	-	-	-	Project completed by 31 March 07
Expanded public works programme (EPWP) implementation plan	Implement identified projects	-	-	-	Implementation plan adopted by 31 December 06

FUNCTION : ENVIRONMENTAL PROTECTION
SUB-FUNCTION : BIODIVERSITY AND LANDSCAPE

Overview

Includes activities related to the protection of flora and fauna species, the protection of habitats and the protection of landscapes for their aesthetic values.

Description of the Activity

The function of biodiversity and landscape is administered by the Department : Development Facilitation. At present the main activities are :

- development of management plans for the municipal nature reserves situated in the District
- ensuring participation by local municipalities in biodiversity capacity building programmes such as that of the South African National Biodiversity Institute, which is based on the STEP (Subtropical Thicket Ecosystem Planning) initiative; and
- participating in meetings of planning forums such as the Greater Addo (SANParks) Planning forum, the Baviaanskloof Mega-Reserve Steering Committee, the Eastern Cape Biodiversity Implementing Committee, as well as the Coastal Management Steering Committee.

Strategic Objectives

To safeguard the District's biodiversity in terms of indigenous plants and animals and the processes that sustain them

Key Issues for 2005/2006

- Completion of tender specifications for the development of management plans for 9 nature reserves in the District

Analysis of Function

No specific personnel are allocated to this function, which is dealt with by officials in the Development Facilitation Department.

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Nature Conservation Development	Develop Management Plans for LMs		Business plans complete by 31 March 06	The requirement ito the Protected Areas Act for risk management plans has extended the anticipated project completion time by 6 months. Tender specifications were completed for 9 of the reserves.	At least one municipal nature reserve developed through a PPP income generating project by 30 June 06. Management plan implementation survey conducted
Biodiversity capacity building	Identified local municipalities participate in in SANBI capacity building initiative	-	-	-	Kouga, Ndlambe, Blue Crane Route and Makana to participate in initiative
Support government environment initiatives	Attend and participate in meetings of Addo planning forum, Baviaanskloof planning forum and coastal management steering committee	-	-	Not in SDBIP. However, meetings of all three forums were regularly attended, as well as meetings of the Eastern Cape Biodiversity Implementing Committee	4 meetings attended

FUNCTION : WASTE MANAGEMENT
SUB-FUNCTION : SOLID WASTE

Overview

Includes all activities related to refuse removal, solid waste disposal and street cleaning.

Description of the Activity

The solid waste function of the Municipality is administered by the Department: Infrastructure Services and Municipal Health Division of the Department: Health Services and includes:

- Household refuse removal services in Rietbron.
- Provision of solid waste disposal sites serving all communities in the DMA
- Street cleaning in Rietbron
- Assisting local municipalities with the provision of solid waste disposal sites in their areas of jurisdiction

The strategic objective of this function is to provide every household with a basic level of service.

Key issues for 2005/2006

Identified need to explore provision of a regional waste disposal site for Kough/Kou-kamma areas

Analysis of Function

The personnel associated with the solid waste disposal function are:

1 x Engineer	1 x ISD Officer
1 x Municipal Health Officer	1 x DMA Manager
1 x Senior Supervisor	1 x Operator
4 x Workers	

The above officials are also involved in the provision of other municipal services such as roads, sanitation, etc.

Number of households receiving regular refuse removal services:	421
Frequency of service:	Weekly

Grants Received: None

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Glenconner - DMA waste removal	Provide a waste removal service for Glenconner and other DMA areas	Not feasible - decision taken to upgrade existing sites	-	-	-
Coldstream - solid waste disposal site	Project completed	Complete	-	-	-
St Francis Bay - new refuse site	Site established	Complete	-	-	-
Kouga - Disposal Site	Project handed over	-	Project handed over by 31 March 06	The project is being implemented by Kouga LM. Delays have been encountered as a result of under funding and complexities related to suitability of land and finalization of beneficiary list.	Closure of Papiesfontein site by 31 December 06 (completion dependent on receipt of funding from an identified funding source)

FUNCTION : WASTE MANAGEMENT
SUB-FUNCTION : SANITATION

Overview

Includes all activities related to sanitation services development planning for the District as well as bucket eradication projects.

Description of Activity

The sanitation function of the municipality is administered by the Department: Infrastructure Services and includes:

- Development Planning
- Bulk Sanitation Projects
- Sanitation Reticulation Projects
- Sanitation services in the District Management Area.

The Strategic Objective of this function is to provide every poor household with a basic level of service.

Key issues for 2005/2006:

- Complete the Backlog Assessment for the entire District
- Identification of sanitation projects: 3 complete and 6 under construction in the Local Municipalities.
- CDM only received 50% of the MIG allocation and the rest of the funds were given directly to Kouga, Makana, Sundays River Valley and Ndlambe Municipalies.

Analysis of Function

Number and cost of all personnel associated with the sanitation function:

2 x Engineers
2 x Technicians
1 x ISD Officer

The sanitation services in the DMA are administered by a 1 DMA Manager, 1 Senior Supervisor, 1 Operator and 4 Workers who are also involved in the provision of other municipal services such s roads and streets, refuse removal etc.

The following sets out the current Level of Service for sanitation at reticulation level:

- Full Waterborne System - 53 955 (49%)
- Small Borne System - 6 827
- Septic Tank - 8 081
- Conservancy Tank - 14 458
- Bucket - 11 484
- VIP - 7 546
- Pit Latrine - 5 863
- Nothing - 889

In the entire District, there are 49% households that have full waterborne sanitation system.

Grant Received: R31 035 517.35

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Provision of sanitation - Glenconner, Kleinpoort, Wolwefontein, Miller and Vondeling (DMA)	Provision complete	Complete	-	-	-
Sewerage treatment - upgrading of toilets in Weston, Henkey	Upgrade complete	Complete	-	-	-
Toilets in Hankey	Project complete	Complete	-	-	-
Upgrading of sewerage works - Hankey	Upgrade complete	Complete	-	-	-
Louterwater - sewerage disposal	Project complete	Complete	-	-	-
Sewerage reticulation - Krakeelrivier	Project complete	Complete	-	-	-
Regional sewerage works - Kirkwood	Project complete	Complete	-	-	-
Water treatment works - Kirkwood	Project complete	Complete	-	-	-
Bucket eradication - Klipplaat	Project complete	Complete	-	-	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Steytlerville sanitation	Project Complete	Under construction	-	Not in SDBIP but complete	-
Pearston - bulk collector sewer	Project complete	Complete	-	-	-
Aberdeen settled sewerage Phase 3	Project complete	Complete	-	-	-
Kruisfontein - youth camp bulk sewer gravity	Project complete	Under construction	-	Not in SDBIP but complete	-
Langbos (Sundays River Valley) VIP toilets	Project complete	Tender stage	-	-	-
Grahamstown - bucket eradication	Project complete	Complete first phase	-	-	Second project completed by 30 September 06
Makana - Sewerage System to replace pit system	Project handed over	Under construction	Project handed over by 30 June 06	Complete	-
Kouga - Bucket eradication	Project handed over	Under construction	Project handed over by 30 June 06	Complete	-
SRV - VIP Toilets for 637 site in Kwazaenzale	Project handed over	Under construction	Project handed over by 30 June 06	Delays experienced due to need to identify a new site and appoint a new contractor	Not in SDBIP but ongoing
Nieu Bethesda waterbourne sanitation	Project handed over	Tender stage	Project handed over by 31 March 06	Delays were experienced in approval of EIA	Project compelted by 31 March 07
Misgund Bulk water Sewerage disposal	Project handed over	Under construction	Project handed over by 31 March 06	Project extended to include an irrigation system	Project completed by 31 March 06
Riebeeck East Bucket eradication	Project handed over	Under construction	Project handed over by 31 December 06	Original work completed. Additional work added.	Construction of 2.6km pipe line by 30 September 06
Kroonvale Pump Station and Rising Main	Project handed over	-	Project handed over by 31 March 06	Implemented by Camdeboo. Awaiting for an EIA which is the only factor hampering progress.	-
Krakeelrivier Outfall Sewer	Project completed	Under construction	Project handed over by 30 June 06	Complete	Finalisation of finances

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Rietbron bucket eradication	Project completed	-	-	-	Complete by 31 December 06
Paterson internal services Phase 2	Project completed	-	-	-	Project completed by 31 December 06
Port Alfred waste water treatment upgrade in Ndlambe (CFDA support)	Project Complete	-	-	-	Contractor on site by 31 March (completion of project dependent on receipt of identified funding source)
Ekuphumleni sanitation reticulation upgrade in Koukamma (CFDA support)	Project Complete - plase 1	-	-	-	Contractor on site (completion of project dependent on receipt of identified funding source)
Cookhouse and Somerset East Waterbourne sanitation	Project handed over	Annual plan complete	Project handed over by 31 March 06	Co-managed by CDM and BCR. Only a portion completed as at year-end	-
Kouga - Patensie Development of treatment works	Project handed over	-	Project handed over by 30 June 06	Project implemented by Kouga. CDM provides the funding, project still underway.	Project complete by 30 June 06
Jansenville / DMA Sewerage Reticulation and bucket eradication	Project handed over	-	Project handed over by 31 March 06	Delays were experienced due late arrival of EIA.	Project completed by 30 June 06

FUNCTION: ROAD TRANSPORT
SUB-FUNCTION: OTHER

Overview

Includes all activities related to transport planning for the entire District.

Description of Activity

The road transport function of the municipality is administered by the Department: Infrastructure Services and includes:

- Ensuring that the Local Transport Forums and the District Transport Forum are functional.
- Assisting the Operation License Board of the Department of Transport with confirming routes and identifying infrastructure and public transport needs in the area.
- Review of the Integrated Transport Plan.
- Serving on the Provincial Steering Committee that co-ordinates the review of the Provincial Land Transport Framework and the White Paper on Transport for Sustainable Development. This Steering Committee is also responsible for co-ordination of the review of the Integrated Transport Plans in the Province of the Eastern Cape.
- Application for funds for Public Transport Facilities.
- Implementation and monitoring of Public Transport facilities.

The Strategic Objectives of this function are to identify infrastructural transport requirements in the area and co-ordinate the provision of the infrastructure necessary to satisfy these needs.

Key issues for 2005/2006

- Maintaining the existence of Local and District Transport Forums.
- Monitoring of the nine projects that have been identified and prioritized and are currently in preliminary design stage in eight Local Municipalities
- Lobbying the Department of Roads and Transport for funds for another 16 projects in nine local municipalities.

Analysis of Function

Statistical information not applicable as function is limited to planning only.

Number of all personnel associated with the road transport function:
1 x Infrastructure Planner
1 x Technician

Type and number of grants and subsidies received:

- Department of Roads and Transport - R1 700 000

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Repair access road to Tsitsikamma Park	Key performance indicator of the Provincial Roads Department	Projects identified through the IDP process but fall under the jurisdiction of the Provincial Roads Department. CDM engaged in the joint lobbying of funds only.			
Upgrade Motherwell to Addo Road for Addo Park					
Upgrade Road from junction to Darlington for Addo Park					
Upgrade main road to Graaff Reinet for tourism					
Upgrade main gravel road in Rietbron to tar					
Tarring of the road between Rietbron and Willowmore by 2012					
Tarring of the road between Rietbron and Beaufort-West by 2012					
Maintenance of gravel roads in DMA					
Upgrade road from Colechester to Addo Park					
Facilitate the provision of public transport for learners from Driekuillen, Haaspoort and Wolwefontein to access Kleinpoort Primary School	Key performance indicator of the Provincial Education Department	Project identified through the IDP process but falls under the jurisdiction of the Provincial Education Department. CDM engaged in the joint lobbying of funds only.			

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Upgrade access roads in the DMA	Project completed	Complete	-	-	-
Upgrade existing streets and stormwater drainage in all other DMA points (excl Rietbron)	Project completed	Done for Glenconnor - additional funding required for nodal points	-	-	-
Upgrade existing streets and stormwater drainage in Rietbron	Project completed	Complete	-	-	-
Somerset East Pedestrian Bridge	Project completed	Complete	-	-	-
Public Transport facilities	Project handed over	-	Project handed over by 30 June 06	Additional funds have been received for the continuation of the project	Identification and implementation of further facilities
Glenconner gravel access roads and stormwater drainage system	Project complete	-	-	-	Final inspection and retention paid out
Road maintenance program	Completion of road maintenance program	-	-	-	Road maintenance report by 30 June 07
Provide sidewalk on road leading to Nemato Township in Ndlambe (CFDA support)	2.5 km sidewalk completed	-	-	-	Contractor on site by 30 June 07
Upgrade Nemato township taxi rank in Ndlambe (CFDA support)	0.5km of sidewalk constructed	-	-	-	Contractor on site by 30 June 07
Provide 1 km sidewalk on Smith Street, Port Affred in Ndlambe (CFDA support)	1km sidewalk completed	-	-	-	Contractor on site by 30 June 07

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Provide 1 km sidewalk on Southwell Road (R72), Port Alfred in Ndlambe (CFDA support)	1km sidewalk completed	-	-	-	Contractor on site by 30 June 07
Provide 0.5km sidewalk on road leading to Port Alfred CBD taxi rank in Ndlambe (CFDA support)	0.5km of sidewalk constructed	-	-	-	Contractor on site by 30 June 07
Construct a link road between Pellsrus and the Marina in Kouga (CFDA support)	Phase 1 of project completed	-	-	-	Phase 2 funding application prepared

FUNCTION : WATER
SUB-FUNCTION : WATER DISTRIBUTION

Overview

Includes water services development planning for the entire District, the implementation of Source Development, Bulk Water Supply and water reticulation infrastructure projects for various local municipalities and in the District Management Area.

Description of the Activity

The function is administered by the Department: Infrastructure Services and includes:

- Development Planning
- Project Implementation of various water related projects
- Assist local municipalities to develop the required Water Service Authority Capacity
- Investigation into the Water Services Provider function in each municipal area within the District (Section 78 Assessment)
- Water supply services in the District Management Area

The strategic objective of this function is to provide every household within the District with access to at least a basic level of service and strive to provide an appropriate level of service.

Key issues for 2005/2006**:**

- Completed Backlog Assessment and commenced with formulation of strategy to address backlogs

- Assisted WSA's (LM's) to enhance their existing Water Services Development Plans.

- Completion of the Section 78 (1) Assessment in the Cacadu Region.

- CDM only received 50% of the MIG Allocation and the rest of the funds were given directly to Kouga, Makana, Sunday's River Valley and Ndlambe Municipalities

Analysis of Function

The administration of this function is done in the Department Infrastructure Services, as follows :

- The physical implementation is predominantly by the MIG Project Management Unit (PMU) which consists of the following :
    - 1 x PMU Manager
    - 3 x Technicians

- The planning and co-ordination is done by :
    - 1 x Engineer
    - 1 x Institutional Social Development Officer

The water supply services in the DMA are administered by 1 DMA Manager, 1 Snr Supervisor, 1 Operator and 4 Workers who are also involved in the provision of other municipal services such as roads and streets, refuse removal etc. in the DMA

The following table sets out the current level of service for water at reticulation level in the whole Cacadu region:

Detail	**Total**
- Piped water inside dwelling (metered)	82 067
- Piped water inside dwelling (un-metered)	10 462
- Yard Tank	8 426
- Piped water on community stand: distance < 200m from dwelling	5 367
- Piped water on community stand: distance > 200m from dwelling	2 847
- Nothing	304

* It is important to note that 74% of the households in the Cacadu region have metered water inside their dwellings.

Number and total value of water projects planned and current:

- Total No. Current (financial year after year reported on)	18
- Total value	R29 861 770
- Planned (future years : 2006/07)	All MIG Funds to LM's

<u>KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES</u>

Performance Indicator	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Section 78 studies	Section 78(i) 90% complete	Complete by 31 March 06	Complete	Completion of Section 78(3) report
Planning and feasibility studies	Backlog study 80% complete	Study complete by 31 Deceber 06	Complete	-
Cookhouse BSW Phase 5	Complete	-	-	-
S'East Rehab: Besterhoek Dam	Complete	-	-	-
S'East Rehab: reservoir	Complete	-	-	-

Performance Indicator	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
S'East: Construction of water settling tank	Under construction	-	Not in SDBIP but complete	-
Aberdeen BWS	Complete	-	-	-
Jansenville BWS	Project transferred to the 2005/6 financial year	-	Project not prioritised	-
Kliplaat BWS	Complete	-	-	-
Koomansbos BWS	Project transferred to the 2005/6 financial year	-	Project not prioritised	-
Kareedouw	Complete	-		
Water Audit	50% complete	-	Project transferred to Kou-Kamma	-
Kareedouw, Thornham WS	Complete	-	-	-
Krakeelrivier BWS	Complete	-	-	-
Sanddrift Reservoir	Planning stage	Project handed over by 31 December 06	Complete	-
Mfengu WS	Complete	-	-	-
R'East BWS	Complete	-	-	-
G'Town BWS	Complete	-	-	-
W'more BWS	Complete	-	-	-
Steytlerville BWS	Commenced	Project handed over by 30 June 06	Complete	Finalised
KOS Upper BWS	Under construction	-	Not in SDBIP but ongoing	Not in SDBIP but ongoing
K'Wood, M/Mabida BWS	Complete	-	-	-
Provide a domestic water supply to households in Rietbron	Complete	-	-	-

Performance Indicator	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Provide a domestic water supply to households in DMA	Complete	-	-	-
Louterwater water source fencing	Complete	-	-	-
Misgund BWS	Complete	-	-	-
Water supply - Krakeelriver	Complete	-	-	-
Willowmore Main water supply	Complete	-	-	-
Willowmore - Water sourse development	Complete	-	-	-
Krakeelrivier BWS pipeline	Complete	-	-	-
Cacadu Klipfontein new pumpstations	Complete	-	-	-
Addo: Nomathamsanqa - concrete stormwater channels	Complete	-	-	-
Kirkwood: Moses Mabida - bulk water storage(2004/5)	Complete	-	-	-
Kirkwood: Moses Mabida - bulk water (2003/4)	Complete	-	-	-
Besterhoek water treatment works	Transferred to 2005/6 financial year	Project handed over by 31 March 06	BCR implementing project	BCR implementing project. CDM's role will be to transfer the necessary funds upon completion
Cookhouse BSW Phase 5	Complete	-	-	-
Nieu-Bethesda BWS	Transferred to 2005/6 financial year	Project handed over by 30 June 06	In progress - awaiting EIA	Project Completed
Kareedouw Eestervier Water Supply	First phase complete	Project handed over	Project Cancelled	-
Fishkraal Pipeline	-	Project handed over by 31 December 06	In progress	-
Paterson Sewerage	-	Project handed over by 30 September 06	In progress	-

Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Krakeelrivier Treatment Work	-	Project handed over by 30 June 06	Complete	-
Backlog Assessment - Spatial Development Framework (SDF)	-	Study complete by 30 June 06	Complete	-
Backlog Assessment - Roads & Stormwater	-	Study complete by 30 June 06	No funds available	Funding sourced for projects
Jeffreys Bay Water treatment works upgrade in Kouga (Phase 1) (CFDA support)	-	-	-	Completion of project dependent on receipt of an identified funding source
Ekuphumleni bulk storage upgrade in Koukamma (CFDA support)	-	-	-	Project complete
WSDP adopted by Council by December 06	-	-	-	Adoption of final report by Council
Council approved and implementation of Water Services Authority business plan	-	-	-	WSA plan approved and by-laws and policies available to locals
SMIF - Baviaans Steytlerville bulk water supply	-	-	-	Report to Council

FUNCTION : ELECTRICITY
SUB-FUNCTION : ALL INCLUSIVE

Overview

Includes activities relating to electricity generation, distribution and street lighting.

Description of Activity

The Municipality's involvement in this function is limited to negotiating with the service provider for the supply of electricity to consumers in its areas, and financing the capital cost of the service where necessary.

Analysis of Function

As the service is not provided by the Municipality, there are no personnel or costs associated therewith.

Negotiations with Eskom/other relevant suppliers are carried out by senior officials in the Municipality's Department : Infrastructure Services, supported by senior officials from other departments where necessary.

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Provide streetlights in Rietbron and highmasts in Jacobsville Ph.2	Project complete	No progress			
Upgrading of streetlights - Louterwater	Project complete	Complete	-	-	-
Electrifiction - Nieu Bethesta		Under construction			Streetlighting installed by 31 December 06
Cookhouse: Bhongweni & Newtown Community lighting	Project complete	Complete	-	-	-
Upgrading of streetlights - Louterwater / Misgund	Project complete	Complete	-	-	-

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Streetlighting Ph. 2 - Bathurst: Nolukhanyo	Project complete	Complete	-	-	-
Camdeboo - Electrification	Project handed over	-	Project handed over by 31 March 06	Complete. Project scope extended	
DMA - electrification at Glen Connor	Project handed over	Awaiting property transfers from Transnet	Project handed over by 30 June 06	Dependent on Transnet	Projects complete
DMA Rietbron electrification	Project handed over	-	Project handed over by 30 June 06	Dependent on Transnet	Projects complete

FUNCTION: **OTHER**
SUB-FUNCTION: **TOURISM**

Overview

Includes all activities related to tourism development and marketing in the District.

Description of Activity

This function within the Municipality is administered by the Department : Development Facilitation and includes:

- tourism destination development, management and marketing
- providing support to local municipalities to promote tourism in their areas

Strategic objectives:

- Fulfill the Municipality's mandate to promote tourism in terms of Section 84 (1) (m) of Local Government Municipal Structures Act, 117 0f 1998
- Continue to promote tourism as a key economic development sector as identified in the Provincial Growth and Development Programme (PGDP).
- Promote tourism planning
- Transform the tourism sector to open it to more participants, particularly Previously Disadvantaged Individuals (PDIs).
- Establish the District Tourism Organisation to drive tourism transformation, development and marketing

Key issues for 2005/2006

- A District Tourism Organisation was established by the ten participating municipalities (the district and nine local municipalities) as a municipal entity [Pty (Ltd)], which will take over the tourism promotion functions of the Cacadu Regional Tourism Organisation (CRTO). This step was an outcome of the Tourism Institutional Framework that was developed to guide and manage tourism promotion and transformation in the district
- The Cacadu Regional Tourism stand at the annual Tourism Indaba in Durban was awarded a silver medal
- The tourism promotional CDs (coastal and interior regions respectively) continued to be in great demand and have been distributed both nationally and internationally.
- The District Municipality provided funding support for the promotion of the district's tourism products at a holiday and leisure trade show in the Netherlands.

- Application was made to the Development Bank of Southern Africa for funding and technical support for the formulation of tourism sector plans in five local municipalities and the Cacadu District Municipality
- Successful application was made on behalf of three local municipalities to the Eastern Cape Department of Economic Affairs, Environment and Tourism (DEAET) for financial support for the development of tourism sector plans.
- The Cacadu District Municipality participated as a member of both the Baviaanskloof Steering Committee and the Addo Planning Forum, two of the most significant public eco-tourism initiatives in the District

Analysis of function

No tourism staff is employed by the Municipality. The Municipality's tourism promotion function during the year under review was performed by the Municipal Manager and the Director : Development Facilitation.

The tourism marketing function is performed by the Cacadu Regional Tourism Organisation, which receives most of its funding from the District Municipality.

Grants and subsidies received:

- Eastern Cape Department of Economic Affairs, Environment and Tourism – R240 000 for tourism plans in three local municipalities

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	**Performance Indicator**	**Baseline / Actual 2004/5**	**Annual Target 2005/6**	**Actual 2005/6**	**Target 2006/7**
Develop an district Tourism institutional framework	Project completed	Complete	-	-	-
Tourism marketing video and marketing initiatives	Project completed	Completed and ongoing marketing taking place			
Upgrade signage re: Tsitsikamma and Addo Park	Complete in terms of schedule	In progress	-	-	-
Previously disadvantaged community tourism facility auditing per route and area within CDM	Audit report presented to Mayoral Committee with recommendat-ions		Audit report presented to Mayoral Committee by 30 June 06	Lack of personnel hampered progress. Project referred to DTO for completion	-

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Establishment of district wide tourism organisation as a municipal entity	Entity established, functioning with approved Budget	Tourism forum established and district tourism plan completed. Forums established in 5 LM's	DTO Budget approved by 30 June 06	The DTO was registered in January 2006 and is compliant in terms of the MFMA. However the entity was not fully functional at the end of the year.	Submission of annual report

FUNCTION: OTHER
SUB-FUNCTION: OTHER : PERFORMANCE MANAGEMENT

Overview

Includes all activities related to monitoring the organisational and individual performance of the Cacadu District Municipality and its officials.

Description of Activity

The function of Performance Management within the Municipality is performed in the Office of the Municipal Manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) and ensuring that performance is improved upon year-on-year.

Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the Municipality and its administration. These indicators pin-point areas of focus for each financial year as developed through the process of public participation, and are listed in the IDP. Once approved, the IDP is married with the budget in a document called the SDBIP (Service delivery and budget implementation plan) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then transformed into a personalised performance management system for each and every official, through the delegation of activities included in the SDBIP, as agreed in individual performance plans. The SDBIP and performance plans of the Municipal Manager and Directors are published on the Municipal website.

Through quarterly monitoring, performance of each individual is tracked to ensure that progress remains in line with what was originally planned. The final result is included per functional area in the annual report.

Strategic Objectives

To ensure implementation of the Municipality's Integrated Development Plan and continued improvement in the standard of performance of the Cacadu District as a whole through the following: -

- Facilitation of increased accountability and transparency
- Facilitation of a platform for learning and development
- Facilitation of decision making through the clarification of goals and priorities
- Provision of early warning signals highlighting underperformance
- Continual assessment of the performance of the Municipality so as to address areas requiring improvement
- Creation of a culture of performance at CDM amongst all officials
- Capacitation of officials at Local Municipalities within the District, to enable the entire District to benefit from the above

Key Issues for 2005/2006

- continued implementation of the performance management system
- investigation into the efficiency of the current performance management system
- establishment of a central knowledge management base for use by and with Local Municipalities
- continued refinement of the performance management system to ensure compliance with legislation

Analysis of Function

One Senior Performance Management Systems Officer is employed to ensure the achievement of the above objectives at a cost of R215 664.

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Baseline / Actual 2004/5	Annual Target 2005/6	Actual 2005/6	Target 2006/7
Develop a PMS - fund PMS Officer	Employ PMS Officer	No PMS Officer in place	PMS Officer employed	PMS Officer employed.	-
Develop PMS	Establish working PMS system	Section 57's monitored for 2005 under the new PMS legislation	Working PMS system established	System established	Implementation of PM for all staff
Develop & Roll out PMS System to LMs - DBSA	Roll out system to LMs	-	Investigate the efficiency of the existing PMS system	Study undertaken both internally and by the DBSA posed questions regarding the existing PMS system. A viable replacement has been proposed.	-
Performance management survey in CDM area	Survey households and businesses on delivery and service performance standards	-	-	-	Findings presented to Council and LMs